

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1189930-1

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## FEDERAL BUREAU OF INVESTIGATION

3/9/88

Date of transcription

On March 3, 1988, [redacted] business [redacted] telephone [redacted] was contacted regarding his business association with a firm entitled Commercial Acceptance Corporation (CAC). Also present during this interview was [redacted] an investigator for the U.S. Department of Labor. After being advised of the identity of the interviewing agent, [redacted] furnished the following information:

b6  
b7C  
b7D

[redacted] stated that he is [redacted]

b6  
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b7D

Sometime during 1983, [redacted]

[redacted] Sometime during this period of time, [redacted] was contacted by a DAVID FACCIANI of CAC. FACCIANI stated that they were taking over HUGHES STEEL [redacted]

[redacted] International Placer was furnished approximately one million dollars in loans over a period of time from CAC to be paid back only on demand from CAC. [redacted] stated that these loans were collateralized by equipment owned by International Placer. International Placer was to receive 37½% of Hughes Steel stock in return for developing and engineering the equipment for Hughes. [redacted] believed that the funds furnished International Placer were paid by CAC via check. The initial loan to International Placer was for approximately \$400,000.

Sometime later, [redacted]

b6  
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[redacted] stated that he later learned that DAVID FACCIANI was one of the principals of Commercial Pipe.

Investigation on 3/3/88 at [redacted] File # LA 196A-4834-54  
by SA [redacted] Date dictated 3/3/88

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Continuation of FD-302 of [REDACTED] LA 196A-4834 3/3/88 , On 2\* - , Page [REDACTED]

b6  
b7C  
b7D

[REDACTED]  
[REDACTED]  
[REDACTED] was of the opinion that FACCIANI and [REDACTED]  
[REDACTED] were principals of Hughes Steel [REDACTED]  
[REDACTED] stated however that  
he does not recall the exact details of these transactions  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED] stated that the information regarding [REDACTED]  
[REDACTED] could be obtained from [REDACTED]  
[REDACTED] telephone [REDACTED] At the time  
[REDACTED]

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[REDACTED] stated that he met a [REDACTED] as a  
result of his association with CAC. According to [REDACTED]  
[REDACTED]  
[REDACTED]

Sometime during 1985, [REDACTED] learned that DAVID  
FACCIANI attempted to sell some International Placer products  
without [REDACTED] authorization. According to [REDACTED] CAC  
ultimately took over International Placer due to a foreclosure  
based upon the funds owed CAC by International Placer. [REDACTED]  
[REDACTED]  
[REDACTED]

b6  
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[REDACTED] furnished a copy of a letter sent by [REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] reiterated that he does not recall the specifics  
of these transactions and that [REDACTED] would be more familiar  
with the facts surrounding the [REDACTED]  
[REDACTED]

[REDACTED] home address is [REDACTED]  
[REDACTED]

telephone [REDACTED]

TRANSMIT VIA: AIRTEL

CLASSIFICATION: \_\_\_\_\_

DATE: 3/29/88

FROM: Director, FBI

✓ TO: SAC, Los Angeles (196A-4834)  
Attn: SA [REDACTED]

b6  
b7C

COMMERCIAL ACCEPTANCE CORPORATION;

[REDACTED] AKA [REDACTED]

FBW

OO: LOS ANGELES

Reference telcal dated 3/23/88 to SA [REDACTED] from Interpol analyst, [REDACTED] FBIHQ.

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Enclosed for the information of Los Angeles are two copies of a facsimile concerning captioned subject, forwarded to FBIHQ from Interpol Washington.

Interpol Washington has been advised to inform [REDACTED] [REDACTED] that this matter is being coordinated with Los Angeles and Legat, Paris.

Enclosure

66A-4834-57

SEARCHED	INDEXED
SERIALIZED	FILED
APR 01 1988	

[REDACTED]

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b7C

w/encs.

1

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/15/88

On April 11, 1988, SA [ ] returned a telephone call to [ ] telephone [ ] [ ] called to ask if there was anything he could do to assist the investigation. [ ] was asked to furnish account documentation regarding [ ] [ ] reemphasized that he did not personally [ ] [ ] [ ] stated that he would be willing to meet with the Federal Bureau of Investigation (FBI) to discuss the case.

[ ] was told that the documents were required in order to determine the legitimacy of statements made by [ ] to the FBI over the telephone.

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Investigation on 4/11/88 at Los Angeles, California File # LA 196A-4834-59

by SA [ ]/mtp Date dictated 4/12/88

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# Memorandum



To : SAC, LOS ANGELES (66F-8179)  
(ATTN: SSA [redacted] WCC-3)

Date 5-9-88

From : SA [redacted]

b6  
b7C

Subject : REQUEST FOR ACCOUNTING TECHNICIAN  
ASSISTANCE

Re memo of SSA [redacted] dated 8/13/87.

The following is a succinct summary of the case  
entitled:

TITLE: Commercial Acceptance Corp-

## SUMMARY:

Investment fraud where investor  
funds used for benefit of CAC  
principals. Involves kickbacks and  
false insurance documents for investor  
funds.

Explain what is requested of AT:  
schedule CAC checks from 1982 to  
the present.

DEADLINE, IF ANY:

Approximate number of AT working days: 20

Supervisor \_\_\_\_\_ approval - Yes/No

4 - Los Angeles

(1) 66F-8179)

(3) Case File - 196A-4834

(4)

LOS ANGELES  
LEADS  
ASSIGNED TO  
AT FIELD

196A-4834-60

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 09 1988	
FBI-LOS ANGELES	

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AT ASSIGNMENT SHOULD INCLUDE: (CHECK ONE OR MORE)

b7E

- \_\_\_\_ 1.
- \_\_\_\_ 2.
- \_\_\_\_ 3.
- ☒ 4.
- \_\_\_\_ 5.
- \_\_\_\_ 6.
- \_\_\_\_ 7.
- \_\_\_\_ 8.
- \_\_\_\_ 9.

## FEDERAL BUREAU OF INVESTIGATION

5/10/88

Date of transcription

On April 7, 1988, [redacted] telephone [redacted] was contacted. [redacted] was advised that he was being interviewed regarding his knowledge of business transactions between [redacted] with a firm entitled Commercial Acceptance Corporation (CAC). After being advised of the identity of the interviewing agent, [redacted] furnished the following information:

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[redacted]

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[redacted] was aware that International Placer borrowed money from a firm called CAC since [redacted] told this to [redacted] in 1983. [redacted]

b6  
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[redacted] met DAVID FACCIANI of CAC, the president of CAC (name unrecalled), and a female vice president of CAC (name also unrecalled). [redacted]

[redacted]

Investigation on 4/7/88

at

LA 196A-4834 - 61

b6  
b7C  
b7D

by SA [redacted] /t1m

Date dictated 4/7/88



Continuation of FD-302 of [REDACTED]

LA 196A-4834, On 4/7/88 -2-, Page [REDACTED]

[REDACTED] recalls that [REDACTED] made loan payments to CAC. The payments however were not timely and [REDACTED] fell behind on their payments. [REDACTED]

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[REDACTED] met an individual by the name of [REDACTED] whom he met through [REDACTED] and FACCIANI. [REDACTED]

[REDACTED] gave [REDACTED] the impression that [REDACTED] was associated with [REDACTED] but [REDACTED] was not aware of the exact relationship. For a period of time [REDACTED]

[REDACTED] According to [REDACTED] utilized the loan funds for the respective businesses and not for personal use. [REDACTED] could not recall the exact loan document language nor does he recall the loan amounts made to the [REDACTED]

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[REDACTED] stated that his salary for [REDACTED] was approximately [REDACTED]

Continuation of FD-302 of [REDACTED]

LA 196A-4834

4/7/88

-3\*-

, On [REDACTED], Page [REDACTED]

b6  
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b7D

[REDACTED] stated he was not aware of any loans made to CAC principals or employees by [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] stated that he was not aware of any association of CAC principals and employees with any of the [REDACTED]  
[REDACTED]  
[REDACTED]

b6  
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[REDACTED] stated he conducted no conversations with CAC people regarding delinquent payments of [REDACTED].  
[REDACTED] believed that the loans were more like a line of credit. [REDACTED]  
[REDACTED] was further not aware of any foreclosures by CAC on any of the [REDACTED]

[REDACTED] stated he was unaware of any business relationship between [REDACTED] and a company called Hughes Steel. [REDACTED] stated that he knew CAC was a lending institution but was not aware of any other background information regarding the company. [REDACTED] has heard the name of Ellsworth but never met the individual.

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[REDACTED] was succeeded by a [REDACTED]  
[REDACTED]

[REDACTED] stated that he would review his files to see if he had any documentation regarding his employment with [REDACTED]. [REDACTED] was further advised that he may be recontacted to furnish any further information that may come to the attention of the interviewing agent.

File - Serial Charge Out  
FD-5 (Rev. 6-17-70)

File 196A 4834 Date \_\_\_\_\_  
Class. Case No. Last Serial

☐ Pending

☐ Closed

Serial No.

Description of Serial

Date  
Charged

62 5/24/88

~~XA~~

~~US~~

~~12~~  7/13/88

b6

b7C

Asac    
Employee

RECHARGE

Date \_\_\_\_\_

To \_\_\_\_\_ From \_\_\_\_\_

Initials of Clerk {  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date {  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date charged

Employee

Location

# Memorandum



To : SAC, LOS ANGELES (196A-4834) (WCC-1) (P)

Date 5/16/88

From : SA [REDACTED]

b6  
b7C

Subject: COMMERCIAL ACCEPTANCE CORP., ET AL;  
FBW; MF; ITSP;  
OO: Los Angeles

On 5/6/88, a meeting was conducted regarding captioned case in the office of AUSA [REDACTED]. The following individuals were present:

AUSA [REDACTED]

SA [REDACTED]

[REDACTED] (IRS)  
[REDACTED] (DEPT. LABOR)

The following decisions were made regarding the investigation:

1) [REDACTED] should be recontacted to obtain more details regarding the loan kickbacks and obtain income tax information regarding [REDACTED] and his corporations. Draft a list

b3  
b5  
b6  
b7C

2) A travel request should be initiated to interview [REDACTED] and [REDACTED] in depth [REDACTED] AUSA [REDACTED] decided that [REDACTED] before the Federal Grand Jury in Los Angeles.

3) The involvement of [REDACTED] in the fraud scheme should be ascertained in order to assess her culpability [REDACTED] is obtained.

4) CAC checks should be scheduled from 1982 to the present.

TRG/mtp  
(2)

- 1\* -

196A-4834-62

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 17 1988	
FBI-LOS ANGELES	

FBI

## TRANSMIT VIA:

☒ Teletype  
☐ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS
Date 5/24/88

37

1 FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

2 TO FBI PHOENIX (196A-1966)/ROUTINE/

3 BT

4 UNCLAS

5 CITE: //3410//

6  
7 SUBJECT: JOHN ELLSWORTH, DAVID FACCIANI, DBA COMMERCIAL  
8 ACCEPTANCE, CORP. (CAC); FBW; MF: OO: LOS ANGELES.

9 RE TELCAL SPECIAL AGENT (SA) [REDACTED] LOS ANGELES,  
10 CALIFORNIA, WITH SUPERVISORY SA [REDACTED] PHOENIX ON MAY 23,  
11 1988.

12 PER REFERENCED TELCAL SA [REDACTED] LOS ANGELES  
13 DIVISION, WILL BE TRAVELING TO PHOENIX ON MAY 26, 1988, TO  
14 INTERVIEW [REDACTED] WITH DEPARTMENT OF LABOR INVESTIGATOR [REDACTED]  
15 [REDACTED] SAC, LOS ANGELES AND PHOENIX CONCUR WITH TRAVEL.

16 BT

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18  
19  
20 TRG/mtp  
21 (1) MTP001D.145

196A-4834-63  
SEARCHED —

INDEXED —

SERIALIZED: [initials]

FILED [initials]

Approved: RTB/ATTransmitted 8MF

(Number)

4:31  
P  
(Time)Per ATb6  
b7c



March Fong Eu  
Secretary of State

1230 J Street  
Sacramento, California 95814

IMPORTANT

CORPORATE DIVISION

Legal Review	(916) 445-0620
Certification	(916) 445-1430
Status	(916) 445-2900
Name Availability	(916) 322-2387
Trademarks	(916) 445-9872
Statements of Officers	(916) 445-2020
Service of Process	(916) 445-0620

March 31, 1988

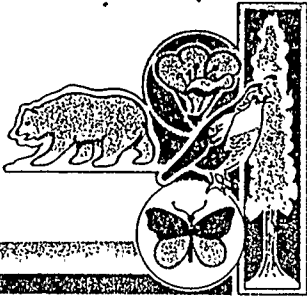
U. S. Department of Justice  
National Central Bureau - INTERPOL  
Shoreham Building, Rm. 800  
Washington, D.C. 20530

This is in answer to your inquiry of March 25, 1988  
The records of this office indicate that U.S. COAL CORPORATION  
Corporate number 1392291

- ☐ Is not of record in this office as either a California domestic corporation or a foreign corporation.
- ☐ Is a California corporation incorporated \_\_\_\_\_
- ☒ Is a Minnesota corporation which qualified in California 11/24/86
- ☒ Is in good legal standing \_\_\_\_\_
- ☐ A statement as to the names and addresses of agent, officers and directors and address of principal office is on file in this office. A copy of the filed statement may be obtained for a fee of \$1.00. Fee for certified copy is \$3.00. Nonprofit and foreign corporations are not required to list directors.
- ☒ No statement as to names and addresses of officers and address of principal office has been filed in this office.
- ☒ Agent for service of process: Cynthia M. Estrada  
2040 Vineburn Ave.  
Los Angeles, CA 90032
- ☐ No agent for service of process has been designated.
- ☐ Was suspended by order of the Franchise Tax Board \_\_\_\_\_ for not complying with statutory requirements.
- ☐ Was suspended by the Secretary of State \_\_\_\_\_ for failure to file a statement of officers.
- ☐ Was dissolved \_\_\_\_\_ ☐ Its term of existence expired \_\_\_\_\_
- ☐ Was merged into: \_\_\_\_\_
- ☐ Surrendered its right to transact intrastate business in California \_\_\_\_\_
- ☐ Forfeited its right to transact business in California \_\_\_\_\_ for not complying with statutory requirements.
- ☒ Copies of bylaws and names of shareholders or owners are not required to be filed with this office.
- ☒ Information regarding related businesses of individual corporate entities is not required to be filed with this office.

This MATERIAL IS NOT TO BE DISSEMINATED  
outside your organization except to  
Official Law Enforcement and/or Criminal  
Justice Agencies without the expressed  
permission of INTERPOL Washington.

STATUS UNIT



# State of California

OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

APR 07 1988



*March Fong Eu*

Secretary of State

STATEMENT AND DESIGNATION  
BY  
FOREIGN CORPORATION

DO NOT WRITE IN THIS SPACE

1392291  
FILED

In the office of the Secretary of State  
of the State of California

NOV 24 1988

Wrench Fore Eng  
MARCH 1988 EU, Secretary of State

U.S. COAL CORPORATION  
(Name of Corporation)

a corporation organized and existing under the laws of MINNESOTA  
makes the following statements and designation: (Place or State of Incorporation)

1. The address of its principal executive office is 411 WEST 7TH STREET,

LOS ANGELES, CALIFORNIA 90014

(Insert complete address of principal executive office wherever  
located - Do not use Post Office Box)

2. The address of its principal office in the State of California is 411 WEST

7TH STREET, LOS ANGELES, CALIFORNIA 90014

(Insert complete address of principal office in California - Do  
not use Post Office Box)

DESIGNATION OF AGENT FOR SERVICE OF PROCESS WITHIN THE STATE OF CALIFORNIA

3. (Use this paragraph if the process agent is a natural person.)

CYNTHIA M. ESTRADA

a natural person residing in the State of California, whose complete [ ] business

[X] residence address is 2040 VINBURN AVE., LOS ANGELES, CALIFORNIA 90032

(Do not use Post Office Box)

is designated as its agent upon whom process directed to the corporation may be  
served within the State of California in the manner provided by law.

NOTE: Either the business address or the residence address must be given. Indicate  
which by check mark in proper box.

(FORM TO BE COMPLETED ON REVERSE SIDE)



Respect

4. (Use this paragraph if the process agent is a corporation. See instructions.)

\_\_\_\_\_ a corporation organized and existing under the laws of \_\_\_\_\_ is designated as agent upon whom process directed to the undersigned corporation may be served within the State of California, in the manner provided by law.

NOTE: Before it may be designated by any foreign corporation as its agent for service of process, a corporate agent must comply with Section 1505, California Corporations Code. (See instruction 2.)

5. The undersigned corporation hereby irrevocably consents to service of process directed to it upon the agent designated above, and to service of process on the Secretary of State of the State of California if the agent so designated or the agent's successor is no longer authorized to act or cannot be found at the address given.

U.S. COAL CORPORATION  
(Name of Corporation)

Cynthia M. Estrada  
(Signature of corporate officer)

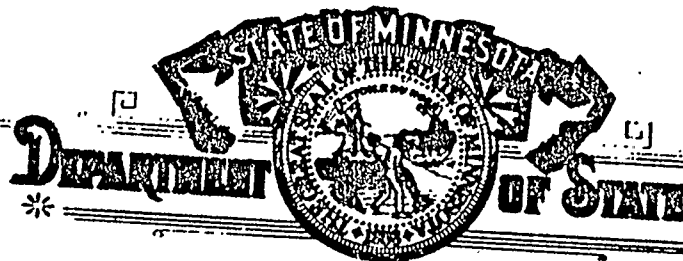
CYNTHIA M. ESTRADA - PRESIDENT  
(Typed name and title of officer signing)

INSTRUCTIONS:

1. There must be annexed to this statement, a certificate by an authorized public official of the state or place of incorporation of the corporation, to the effect that the corporation making the statement is an existing corporation in good standing in that state or place. IF A NONPROFIT CORPORATION IS TO BE QUALIFIED, the certificate must also indicate that the corporation is a nonprofit, nonprofit corporation.
2. No domestic corporation may be designated as agent for service of process unless it has filed with the Secretary of State the certificate provided for by Section 1505, Corporations Code, and no foreign corporation may be designated unless it has qualified for the transaction of intrastate business in California and has filed with the Secretary of State of the State of California the certificate provided for by Section 1505, California Corporations Code. A domestic or foreign corporation must be currently authorized to engage in business in this State and be in good standing stated on the books of the Secretary of State of the State of California, in order to file a certificate pursuant to this section.

NOTE: A CORPORATION CANNOT ACT FOR ITSELF AS AGENT FOR SERVICE OF PROCESS.

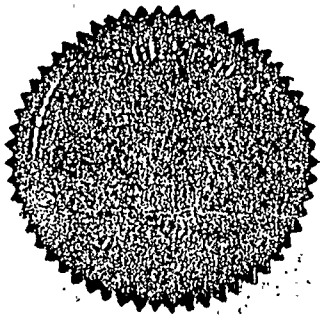
3. If a corporation is required to qualify under a D.B.A. (name other than the true corporate name) pursuant to Section 2106(b), Corporations Code, then in the first line of this statement set out the correct corporate name, followed by "which will do business in California as \_\_\_\_\_" setting forth the D.B.A. in the space indicated. The D.B.A. should not be set out in connection with the corporate name anywhere else in the statement.
4. If the corporation changes its name or if there are any changes in the information contained in this statement, then the corporation must file an Amendment and Designation. A form may be obtained from the Secretary of State.



I, Joan Anderson Growe, Secretary of State of the State of Minnesota, keeper of the Great Seal of said State, and the custodian of the documents pertaining to the formation of corporations under the laws of the State of Minnesota, do hereby certify:

That U. S. Coal Corporation  
is a corporation of the State of Minnesota, created, organized and existing under and by virtue of and in full and complete compliance with the laws of said State made by filing Articles of Incorporation on the 22nd day of January 1964.

That this authority is now in force and has not been canceled or revoked, and that this corporation is engaged in, or is authorized to engage in active business as a corporation of the State of Minnesota upon the date hereof.



WITNESS my official signature  
subscribed and the Great Seal  
of the State of Minnesota  
hereunto affixed this 5th  
day of November, A.D.  
1986.

*Joan Anderson Growe*  
SECRETARY OF STATE

TRANSMIT VIA: AIRTEL

CLASSIFICATION: \_\_\_\_\_

DATE: 6/1/88

FROM: Director, FBI

TO: SAC, Los Angeles (196A-4834)  
Attn: SA

b6  
b7C

COMMERCIAL ACCEPTANCE CORPORATION;

AKA

FBW

OO: LOS ANGELES

Reference previous correspondence concerning captioned subject.

Enclosed was received at Interpol, Washington in connection with this matter. It is being forwarded to Los Angeles for your information.

Enclosure

196A-4834-65

SEARCHED	INDEXED
SERIALIZED	FILED
WCE JUN 06 1988	
LOS ANGELES	

*Wences*

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b7C

# Memorandum



To : SAC, LOS ANGELES (196A-4834) (WCC-1) (P)

Date 5/20/88

From : SA [redacted]

b6  
b7C

Subject: COMMERCIAL ACCEPTANCE CORP. (CAC), ET AL;  
FBW; MF;  
OO: Los Angeles

The purpose of this memo is to obtain permission for SA [redacted] to travel to [redacted] on 5/26/88 to interview [redacted]

On 5/19/88, the writer met with a representative of the Internal Revenue Service and Department of Labor regarding captioned case to formulate questions to be asked of [redacted]

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[redacted] On 5/20/88, [redacted] who resides in the [redacted] area, has consented to an interview in [redacted] on Thursday, 5/26/88. [redacted] in captioned case and as such is in a position to furnish information regarding the fraudulent activities of the principals of CAC. DEPARTMENT OF LABOR investigator [redacted] will be in [redacted] to conduct a joint interview of [redacted] with SA [redacted]

*Recommend Approval*  
*WCC-1*  
*[Signature]*

TRG/mtp  
(2)

- 1\* -

196A-4834-66

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 20 1988	
FBI—LOS ANGELES	

*[Signature]*

FBI

## TRANSMIT VIA:

☒ Teletype  
☐ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS
Date 6/6/88

1 FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

2 TO DIRECTOR FBI/ROUTINE/

3 LEGAT BERN/ROUTINE/

4 LEGAT PARIS (196-0)/ROUTINE/

5 BT

6 UNCLAS

7 CITE: //3410//

8  
9 SUBJECT:  DAVID FACCIANI, DBA COMMERCIAL ACCEPTANCE  
10 CORPORATION (CAC), 411 W. 7TH STREET, LOS ANGELES, CALIFORNIA;  
11 JOHN C. ELLSWORTH, DBA DESERT MARVEL LTD., DENNIS WAGNER  
12 ENTERPRISES, INC., SULTANA HOLDINGS, U.S. COAL CORPORATION, LOS  
13 ANGELES, CALIFORNIA; BUSICORP SA, SARL; IRS REINSURANCE,  
14 LUXEMBOURG; FBW; MF; ITSP; OO: LOS ANGELES.

15 RE LOS ANGELES TELETYPE TO BUREAU AND LEGAT PARIS, DATED

16  
17  
18  
19  
20 TRG/mtp  
21 (1)

196A-4834-67

SEARCHED	—	—	FILED
INDEXED	—	—	SERIALIZED
SERIALIZED	<u>mt</u>	—	INDEXED
FILED	<u>mt</u>	—	SEARCHED

Approved: RTB/AT

Transmitted

57 (Number)

(Time)

Per

AT

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^PAGE TWO

FEBRUARY 26, 1988, AND TELCAL SPECIAL AGENT (SA) [REDACTED]  
[REDACTED] LOS ANGELES, CALIFORNIA, WITH [REDACTED] LEGAT,  
PARIS, ON MAY 16, 1988.

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THE PURPOSE OF THIS TELETYPE IS TO REQUEST BUREAU PERMISSION  
FOR SA [REDACTED] LOS ANGELES DIVISION, TO TRAVEL TO  
PARIS, FRANCE FOR APPROXIMATELY ONE WEEK DURING JULY OF 1988 TO  
INTERVIEW [REDACTED] WHO WERE  
INVOLVED IN ESTABLISHING BUSICORP, IRI REINSURANCE, AND OTHER  
FIRMS FOR THE PURPOSE OF INSURING CAC LOANS. INTERNAL REVENUE  
SERVICE (IRS) SA [REDACTED] AND DEPARTMENT OF LABOR  
INVESTIGATOR [REDACTED] WILL ACCOMPANY SA [REDACTED] IF TRAVEL IS  
APPROVED BY THE BUREAU AND HOST COUNTRY. THE FBI IS CONDUCTING A  
JOINT INVESTIGATION WITH DEPARTMENT OF LABOR AND THE IRS. SA  
[REDACTED] POSSESSES A PERSONAL PASSPORT.

FOR INFORMATION OF LEGAT PARIS AND LEGAT, BERN, ON NOVEMBER  
17, 1987, THE CALIFORNIA DEPARTMENT OF CORPORATIONS FILED A CIVIL  
SUIT AGAINST CAC AND ELLSWORTH ALLEGING FRAUD INVOLVING SOME 60  
MILLION DOLLARS BORROWED BY ELLSWORTH AND OTHERS FROM PENSION AND  
PROFIT SHARING FUNDS OF COMPANIES AND INDIVIDUALS. ELLSWORTH HAS  
PREVIOUSLY BEEN CONVICTED FOR GRAND LARCENY IN NEW YORK AND BANK

^PAGE THREE

FRAUD AND EMBEZZLEMENT IN LOS ANGELES.

THE PENSION AND PROFIT SHARING FUNDS WERE INVESTED THROUGH CAC WITH AN ATTRACTIVE RATE OF RETURN WITH THE UNDERSTANDING THAT THE FUNDS WOULD BE USED TO MAKE INSURED LOANS THAT WOULD BE ADEQUATELY COLLATERALIZED IN THE FORM OF PERSONAL PROPERTY.

ELLSWORTH CONTROLLED FIRMS HAVE ALLEGEDLY BORROWED IN EXCESS OF \$20 MILLION FROM CAC. ELLSWORTH ALSO WAS INSTRUMENTAL IN THE FORMULATION OF BUSICORP AND IRI REINSURANCE IN LUXEMBOURG FOR THE PURPOSE OF "INSURING" CAC LOANS. AN [REDACTED] AND A [REDACTED] [REDACTED] ARE INVOLVED WITH BUSICORP AND IRI AND ARE RESIDENTS OF [REDACTED] HAVE BEEN IN CONTACT WITH THE LOS ANGELES CASE AGENT VIA TELEPHONE PROCLAIMING THEIR INNOCENCE. BOTH CLAIM ELLSWORTH TO BE THE VILLIAN AND THAT [REDACTED]

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[REDACTED]

[REDACTED]

IT HAS ALSO BEEN ALLEGED THAT [REDACTED] AND FACCIANI OF CAC RECEIVED SIZABLE KICKBACKS FROM BORROWERS IN RETURN FOR GRANTING CAC LOANS. IT ALSO APPEARS THAT MUCH OF THE REAL ESTATE USED

^PAGE FOUR

AS COLLATERAL IS UNDERCOLLATERALIZED AND OR MAY HAVE BEEN USED AS COLLATERAL FOR MORE THAN ONE LOAN.

CAC IS PRESENTLY IN RECEIVERSHIP AND, AS PREVIOUSLY STATED, LOSSES TO INVESTORS MAY TOTAL 60 MILLION.

ELLSWORTH WAS INTERVIEWED BY BUREAU AGENTS ON DECEMBER 16, 1987. ELLSWORTH CLAIMED [REDACTED] REPRESENTED TO HIM THAT INSURANCE HAD BEEN OBTAINED FOR THE CAC LOANS AND THAT APPROXIMATELY \$600,000 IN PREMIUMS HAVE BEEN PAID TO BUSICORP/IRI. ELLSWORTH STATED THAT THE \$300,000 USED TO CAPITALIZE BUSICORP WERE NOT RETURNED TO HIM.

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INFORMATION HAS BEEN RECEIVED THROUGH LOS ANGELES ATTORNEY [REDACTED] THAT THE LUXEMBOURG AUTHORITIES ARE CONDUCTING A CRIMINAL INVESTIGATION REGARDING [REDACTED] FURNISHED THE NAME OF [REDACTED] SURETE PUBLIQUE, SECTION ECONOMIQUE ET FINANCIERE, RUE AUGUSTE LUMIERE, LUXEMBOURG, TELEPHONE 40919, EXTENSION [REDACTED] AS THE PERSON TO CONTACT REGARDING THE INVESTIGATION. [REDACTED] INDICATED THAT [REDACTED] HAS INFORMATION THAT [REDACTED] MAY HAVE USED SOME OR ALL OF THE \$300,000 BUSICORP CAPITALIZATION FUNDS TO PURCHASE A HOME IN THE NAME OF [REDACTED]

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^PAGE FIVE

ASSISTANT UNITED STATES ATTORNEY (AUSA) [REDACTED],  
CHIEF, MAJOR FRAUDS SECTION, U.S. ATTORNEY'S OFFICE, LOS ANGELES,  
CALIFORNIA STATED IT IS NECESSARY TO HAVE [REDACTED] AND  
[REDACTED] INTERVIEWED [REDACTED] REGARDING THEIR  
ASSOCIATION WITH CAC, BUSICORP AND IRI REINSURANCE. [REDACTED]

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[REDACTED]  
[REDACTED]  
[REDACTED] ANY FEDERAL  
GRAND JURY (FGJ) TESTIMONY OF [REDACTED] AND [REDACTED]  
[REDACTED] HAVE STATED THEY ARE WILLING TO BE INTERVIEWED BY THE  
FBI. [REDACTED] CAN BE CONTACTED AT HOME  
TELEPHONE [REDACTED] AND [REDACTED] CAN BE CONTACTED AT [REDACTED]  
[REDACTED] BOTH HAVE A BUSINESS ADDRESS OF [REDACTED]  
[REDACTED]

DOCUMENTS IN CAPTIONED CASE FURTHER REFLECT THAT THE  
FOLLOWING BUSINESSES/INDIVIDUALS HAD A BUSINESS RELATIONSHIP WITH  
BUSICORP RELATING TO LOANS FURNISHED BY CAC:

1) [REDACTED] DBA AAEP MANAGEMENT, ADDRESSES: 1) STADTLE  
22, PASTFACH, 538 FL-9490, VADUZ FURSTENTUM, LICHTENSTEIN,  
TELEFON 075-27979. 2) ZWEIGBURO BEETHOVENSTRASSE 24 CH-8002,

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^PAGE SIX

ZURICH, SCHWEIZ, TELEFON 01-2028788.

2) IRI REINSURANCE FOR INTERNATIONAL BUSINESS, AEULESTRASSE  
5, FL-9490, VADUZ, ZURICH, POB 83.

IN ADDITION TO THE INTERVIEWS OF [ ] AND [ ] AND  
OBTAINING INCORPORATION DOCUMENTS REGARDING BUSICORP, LOS ANGELES  
IS ALSO INTERESTED IN OBTAINING BANK RECORDS REGARDING BUSICORP  
AND BANK RECORDS AND INCORPORATION DOCUMENTATION REGARDING AAEP  
MANAGEMENT AND IRI REINSURANCE. THESE REQUESTS ARE BEING MADE IN  
THE EVENT THEY MAY BE OBTAINED OUTSIDE OF THE LETTERS ROGATORY  
PROCESS. THE EXACT LOCATIONS OF IRI AND BUSICORP BANK RECORDS  
ARE UNKNOWN.

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THE FINAL REQUEST IS TO ARRANGE, IF POSSIBLE, AN INTERVIEW  
WITH [ ] IN LICHTENSTEIN OR PARIS, FRANCE REGARDING HIS  
KNOWLEDGE OF INSURANCE BONDS AND REIMBURSEMENT AS THEY PERTAIN TO  
CAC LOANS. NO PRIOR CONTACT HAS BEEN INITIATED WITH [ ]

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LEGAT PARIS HAS INDICATED THAT THESE INTERVIEWS MIGHT BE

[ ]  
[ ] THIS

WOULD FACILITATE THE WHOLE INTERVIEW PROCESS.

BT

June 9, 1988

MEMORANDUM

✓ TO: SAC, LOS ANGELES (196A-4834) (WCC-1)

FROM: DIRECTOR, FBI (N196-8160)

SUBJECT:  ET AL  
FBW; MF; ITSP;  
OO: LOS ANGELES

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Enclosed are the translations requested in your  
airtel dated 3/28/88.

The foreign-language material is being returned  
herewith.

Enclosures (60)

196A-4834 -66

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 13 1988	

W/encs.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/27/88

On 6/27/88, the following attached documents were received from [redacted] via the U.S. mail.

1) Handwritten notes re contacts with [redacted]

2) [redacted]

3) [redacted]

4) [redacted]

5) [redacted]

b6  
b7C  
b7DInvestigation on 6/27/88 at Los Angeles, California File # LA 196A-4834-70by SA [redacted] myu Date dictated 6/27/88b6  
b7C

## FEDERAL BUREAU OF INVESTIGATION

6/1/88

Date of transcription

On May 26, 1988, [redacted]  
[redacted] telephone [redacted] was interviewed at  
[redacted] was advised that he  
was being interviewed regarding his association with a firm  
called COMMERCIAL ACCEPTANCE CORPORATION (CAC) and his association  
with the principals of CAC. Also present during the interview  
was [redacted] Investigator, DEPARTMENT OF LABOR, Los Angeles,  
California. After being advised of the identity of the interviewing  
agent, [redacted] furnished the following information:

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Sometime during the fall of 1982, [redacted]  
[redacted]  
[redacted] introduced [redacted] to a [redacted]  
[redacted] and a DAVID FACCIANI of a firm entitled CAC. [redacted] stated  
that CAC was in the loan finance business and at the time [redacted]  
[redacted]  
[redacted] also met an individual  
by the name of [redacted] who was also dealing with CAC at  
this time. According to [redacted]  
[redacted] further stated that  
[redacted] and FACCIANI were in the business of lending pension funds  
to borrowers. [redacted]  
[redacted]

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Approximately one month later, [redacted]  
[redacted]  
[redacted] and FACCIANI [redacted] to discuss  
the loan and the property with CAC. [redacted]  
[redacted] FACCIANI was desirous of constructing a tube  
plant in Alaska to be run by FACCIANI himself. [redacted]  
[redacted]  
[redacted] FACCIANI said that this would be no problem  
and that things could be worked out. [redacted]  
[redacted] told [redacted] that people have financial problems but  
that there are always solutions to these problems. [redacted]  
[redacted]

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Investigation on 5/26/88 at [redacted] File # LA 196A-4834-71  
by SA [redacted] sag Date dictated 5/31/88

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LA 196A-4834

Continuation of interview of [REDACTED]

, Page 2

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[REDACTED] however,  
no loan transpired [REDACTED]

[REDACTED]  
[REDACTED] made special loans to the owner of a parking lot near  
the CAC offices in downtown Los Angeles. [REDACTED]  
[REDACTED] needed to close a particular loan in order to  
receive cash from the borrower so that she could buy CAC stock.

During this period of time, [REDACTED]

[REDACTED]

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[REDACTED]

LA 196A-4834

Continuation of interview of

[Redacted]

, Page 3

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[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted] FACCIANI told [Redacted]

that CAC had to make the above loan and that [Redacted] taking this  
loan helped out CAC.

[Redacted]

[Redacted]

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[Redacted]

[Redacted]

LA 196A-4834

Continuation of interview of [REDACTED]

, Page 4

b6  
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b7D

[REDACTED]

[REDACTED]

Sometime during this period of time in 1983, [REDACTED] learned from [REDACTED] that [REDACTED] might be involved in some way in a scam involving Yakataga, Alaska. [REDACTED] was unable to obtain any further information regarding the Yakataga scam.

[REDACTED] stated that AQUA CONTROL was a shell corporation and as such was unfunded. No money was deposited or transferred into or withdrawn from AQUA. [REDACTED]

[REDACTED]

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AGGREGATE PROCESSING was a plant or a business set up for gravel processing. AGGREGATE PROCESSING received one loan for approximately \$500,000 from CAC. [REDACTED]

[REDACTED]

[REDACTED]

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Page 5

b6  
b7C  
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Sometime during the spring of 1984,

Sometime during this period, WRIGHT SCHUCKERT (phonetic), an engineering firm located in Seattle, Washington, [REDACTED]

SCHUCKERT filed a civil suit against DWE and CAC, claiming the loans furnished to [REDACTED] with the spinoff loan to [REDACTED] were improper. As a result of this lawsuit, [REDACTED] CAC to pay off the WRIGHT SCHUCKERT suit.

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FACCIANTI was aware that DWE did not have enough income in order to pay off the existing loans made to DWE by CAC.

Sometime during the summer of 1985, a CAC appraiser by the name of [REDACTED] located in Albuquerque, New Mexico, appraised all of the property purchased by DWE with CAC loans.

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LA 196A-4834

Continuation of interview of [REDACTED]

, Page 6

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Sometime during the fall of 1984, [REDACTED] met an individual by the name of JOHN ELLSWORTH [REDACTED]

[REDACTED]

[REDACTED] recalls that on one instance ELLSWORTH and [REDACTED] in Newport Beach. There was a meal involving 20 people which ELLSWORTH set up but which was paid by [REDACTED] at the insistence of ELLSWORTH.

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[REDACTED] stated that sometime [REDACTED] he met [REDACTED] through ELLSWORTH. ELLSWORTH, [REDACTED] were attempting to set up an insurance company in Europe. ELLSWORTH told [REDACTED] that he hired [REDACTED] to set up the insurance company to bond CAC notes and other bonding not specifically described by ELLSWORTH. [REDACTED] at the time were running a firm called BUSICORP in Luxembourg and needed more funding in order to capitalize the insurance company. [REDACTED]

[REDACTED]

Continuation of interview of [REDACTED]

, Page 7

b6  
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[REDACTED] stated that ELLSWORTH later told him that the property was accepted as collateral and that BUSICORP was fully capitalized. [REDACTED]

[REDACTED]

[REDACTED] recalls that FACCIANI, ELLSWORTH, [REDACTED] [REDACTED] were considering locating some BUSICORP offices in the CAC offices in Los Angeles. ELLSWORTH stated that the California insurance requirements were met by the 35 to 1 Luxembourg ratio. ELLSWORTH stated that all requirements were met regarding BUSICORP's ability to do business in California with the exception of a required treaty needed between BUSICORP and the reinsurance entities. [REDACTED]

[REDACTED]

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[REDACTED] told [REDACTED] that BUSICORP never received premiums for the bond insurance. [REDACTED]

[REDACTED]

[REDACTED] ELLSWORTH admitted to [REDACTED] that the premiums were not being paid. [REDACTED]

[REDACTED]

At this point in the interview, [REDACTED] had to leave the interview due to a prior engagement.

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Continuation of interview of [REDACTED]

, Page 8

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Sometime during August of 1985, ELLSWORTH told [REDACTED] that he established another insurance company called INTERNATIONAL REINSURANCE (IRI). ELLSWORTH stated that he would be able to write any kind of insurance bond in the US through IRI. [REDACTED] and ELLSWORTH were the principals of IRI which is located in Lichtenstein. ELLSWORTH stated they were able to write insurance through IRI more cheaply and that they would be able to write any kind of bond insurance.

[REDACTED]

[REDACTED]

b6  
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b7D

In other situations regarding ELLSWORTH, [REDACTED] recalls that ELLSWORTH traveled to Phoenix on one occasion [REDACTED]

[REDACTED]

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Also during this period of time, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] was exhibited the following documents:

LA 196A-4834

Continuation of interview of [REDACTED]

, Page 9

b6  
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b7D

1. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED] and that the signature on the  
document is that of [REDACTED]

2. [REDACTED]

3. [REDACTED]

4. [REDACTED]

5. [REDACTED]

6. Letter to [REDACTED] from [REDACTED] of AAEP  
MANAGEMENT LIMITED dated August 14, 1985.

[REDACTED] stated that he does not know [REDACTED]  
or the purpose for this letter.

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Continuation of interview of

, Page 10

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7.

stated that he has never seen this letter before but stated that the signature on the letter is the way he signs his name.

8.

again stated he has never seen this letter before but stated that the signature on it is the way  signs his name.

9.

stated he has not seen this document before but that the signature is the way  signs his name.

10.

again stated that he has not seen this document before but that the signature on the letter is the way  signs his name.

11.

Continuation of interview of [REDACTED]

, Page 11\*

b6  
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12. [REDACTED]

[REDACTED]  
and that the signature on the memo is that of [REDACTED]

[REDACTED] stated that throughout his association with CAC, he never knew where he stood regarding [REDACTED]

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At this point, the interview was concluded with the result that [REDACTED] would be available for any further questions regarding his involvement with CAC and JOHN ELLSWORTH.

# STATE OF ALASKA

Receipt of Payment

STATE RECORDER

[Redacted Box]

(LOCATION)

5/28/86

(DATE)

b6  
b7C

RECEIVED  
FROM

Bureau S.A.  
PO Box 4-1067  
Anchorage AK

DOC.  
NO.

86-11058

TYPE DOC.

Q.C.D.

CODE	REVENUE	AMOUNT	
021	RECORDING	10	-
024	MISC.	2	-
ISSUED BY		12	-

MEMO

REC NO.

456013

☒ CASH

☐ CHECK

☐ MO


ORIGINAL

2

①




AAEP Management 

  
busicorp  
12, Centure des Rosiers

H o w a l d  
Luxembourg

b6  
b7C

Zürich, 14th August 1985

Dear Mr 

We refer to our yesterday's conversation and confirm our interest in assisting you with the establishment and operation of a reinsurance-company based in Liechtenstein.

Liechtenstein is an excellent location for such an operation and we would like to indicate but a few advantages we can offer. There is certainly the tax-aspect to be considered since Liechtenstein knows only a 4 % withholding tax on dividends paid. The security and stability of the country are excellent. The currency is the strong Swiss franc and access to the Swiss banking system is easy.

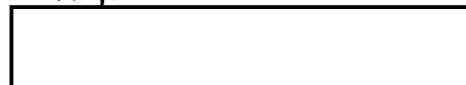
We can offer to you as partners for the benefit of your clients our long experience in reinsurance-matters and also in finding tailor-made solutions. We offer you flexibility and access to reinsurance-markets through our worldwide connections.

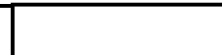
Enclosed you find a summary about Liechtenstein giving you all the salient features in connection with reinsurance-operations.

Looking forward to continuing our discussions, we remain

yours sincerely,

AAEP MANAGEMENT LTD.





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Encl.

# Memorandum



To : SAC, LOS ANGELES (196A-4834)(WCC-1)(P) Date 7/8/88

From : SA [REDACTED]

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Subject : [REDACTED] aka  
ET AL;  
FBW: MF;  
OO: Los Angeles

On 6/28/88, a meeting was held at the law offices of the receiver for COMMERCIAL ACCEPTANCE CORPORATION (CAC) in Westwood. The following individuals were present:

1. SA [REDACTED] - FBI
2. SA [REDACTED] - IRS
3. [REDACTED] - DEPARTMENT OF LABOR
4. [REDACTED] - DEPARTMENT OF LABOR
5. [REDACTED] - SWEENEY AND COMPANY
6. [REDACTED] - SWEENEY AND COMPANY
7. [REDACTED] - Receiver
8. [REDACTED] - Receiver

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The receiver and SWEENEY AND COMPANY representatives presented the results of their investigation and review of CAC documents. Copies of depositions and financial schedules will be furnished. Same of the depositions include [REDACTED] and an interview with JOHN ELLSWORTH.

2 - Los Angeles  
TRG:nma  
(2)

196A-4834-72

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 12 1988	
FBI - LOS ANGELES	

[REDACTED]

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## FEDERAL BUREAU OF INVESTIGATION

6/20/88

Date of transcription

1

On June 16, 1988, [REDACTED]

[REDACTED] office [REDACTED]

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[REDACTED] voluntarily appeared at the Los Angeles Office of the Federal Bureau of Investigation (FBI) to furnish information regarding his association with a firm entitled Commercial Acceptance Corporation, (CAC). After being advised of the identity of the interviewing agent, [REDACTED] furnished the following information:

[REDACTED]

[REDACTED]

[REDACTED] Sometime during September/October, 1986, [REDACTED] became aware of an insurance company change as a result of documents furnished [REDACTED] by CAC. The research material from CAC indicated that another insurance company by the name of IRI was going to insure the CAC notes.

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During this same period of time two clients of [REDACTED] by the name of [REDACTED] had contacted [REDACTED] regarding investments in CAC. According to [REDACTED]

[REDACTED]

Investigation on 6/16/88 at Los Angeles, California File # LA 196A-4834 - 73

by SA [REDACTED]

/seh

Date dictated

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Continuation of FD-302 of [REDACTED]

, On 7/7/88 , Page 2

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[REDACTED]  
[REDACTED]  
[REDACTED] investments occurred at about the same time that the change in the CAC insurance was taking place.

As a result of this, [REDACTED] contacted either [REDACTED]  
[REDACTED] of CAC to inquire regarding the insurance change. [REDACTED]

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[REDACTED]  
[REDACTED] also requested financial information regarding IRI which he never received.  
[REDACTED] recontacted CAC on several occasions to inquire about the financials [REDACTED]

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[REDACTED]  
[REDACTED]  
[REDACTED] None of the discussions centered around how CAC invested the funds. [REDACTED]  
[REDACTED]  
[REDACTED]

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Continuation of FD-302 of [REDACTED]

, On 7/7/88

, Page 3

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[REDACTED]

however never subsequently received the information he requested.

[REDACTED] had no further contact with [REDACTED] but did continue contacting CAC requesting financial information regarding CAC. [REDACTED] however did not receive any information regarding IRI financials and [REDACTED]

[REDACTED] furnished copies of the following documents:

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1. A packet of documents furnished to [REDACTED]

[REDACTED] listed as follows:

A. [REDACTED]  
B. [REDACTED]  
C. [REDACTED]

2. [REDACTED]

3. [REDACTED]

[REDACTED] listed as follows:

A. CAC organization letter.  
B. CAC consolidated financial statement and auditor's reports for December 31, 1985 and 1986.  
C. [REDACTED]

4. Packet of documents furnished or prepared for [REDACTED]

[REDACTED] listed as follows:

Continuation of FD-302 of , On 7/7/88, Page 4\*

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A.

B.

C.

D.

COMMERCIAL ACCEPTANCE CORPORATION

THE ORGANIZATION

Commercial Acceptance Corporation was founded in October 1979. The current Officers, Executives and Directors of the Corporation are the following:

Barry F. Gray	Chairman of the Board, President, Director
David A. Facciani	Chief Financial Officer, Secretary, Director
Phillip J. Vessadini	Director
Henry Mikami	Director

SIZE

	<u>Number of Clients</u>	<u>Assets</u>
Pension Funds, Corporate, Qualified Individuals & Others	450 plus	\$72M plus

GROWTH

Commercial Acceptance Corporation will probably reach \$75M by the end of 1987 and \$100M by the end of 1988. There is a vast potential market available in pension funds alone and the growth of CAC is only limited by its ability to contact and develop this market.

STRUCTURE

Commercial Acceptance Corporation is a privately held corporation. Barry Gray and David Facciani are the majority stockholders and the current Directors include: Henry Mikami and Phillip Vessadini, one of the original founders.

STABILITY

The continued growth since 1980 of CAC is evident by its certifications and should grow at an even faster pace over the next few years.

<u>NEW EMPLOYEES</u>	<u>DATE</u>	<u>POSITION</u>
Joseph A. Springer	1987	Marketing

PERSONNEL

<u>NAME</u>	<u>POSITION</u>	<u>YRS. EXPERIENCE</u>
Barry F. Gray	C.O.B., President/Director	30 plus
David A. Facciani	C.F.O., Secretary/Director	20
Phillip J. Vessadini	Director	
Henry S. Mikami	Director	
Howard Myers	Marketing Director	
Richard Hayes	Marketing	
George Hughes	Real Estate Administrator	20
John Muir	Marketing	
Norman Schwab	Marketing	
Grag Holbrook	Telemarketing Supervisor	

INVESTMENTS

Commercial Acceptance Corporation receives investments from pension funds, corporations, individuals et al, that meet the proper requirements. These funds are then deposited with a Trustee and are used basically in financing commercial and industrial properties. The clients of CAC are offered insured collateral trust notes for their investments.

Commercial Acceptance is an asset based lender satisfying the borrowing needs of Southern California's Commercial and Industrial Corporations. We have been in business since 1979 and in the past eight years have devoted ourselves exclusively to designing secure and high yielding investments for Corporate Pension and Profit Sharing Trusts. We solicit investments from no other source. The investment vehicles are what might be called "blind" pools and have ranged in size to \$25,000,000. The normal range of maturity is one (1) to three (3) years, though some have exceeded three (3) years.

From these pools we loan only to corporations of substance that have a track record and to secure these loans we require collateral of approximately three (3) times loan value. Acceptable collateral consists of a combination of corporate real property to 70% of equity per MAI appraisal, and hard assets including equipment, machinery, rolling stock, etc., valued for loan purposes at about 50% of salvage. In addition, we require personal guarantees of the corporate officers, and supporting these guarantees we file UCC-1 liens against the guarantors. The purpose of the liens is, of course, to pierce the "Corporate Veil".

As further security for both the investors and borrowers we use the services of an independent trust company as trustees of both the collateral and invested funds. They are named as assigned beneficiaries of the collateral, and act as fiduciaries, both receiving the invested funds and making the payments of principal and interest.

Our current trustee is United Security Trust. In the past we have used the trust services of Chicago Title and Trust, Title Insurance and Trust (now TSA) and Fidelity National Trust Company.



#### DOCUMENTATION

All documentation is done through CAC and approved appraisers and these documentations must be acceptable in matter of form to the Trustee, who then releases sufficient monies to make the necessary loans. The properties are then returned to the Trustee as an assigned beneficiary and this way gives a further degree of security to the investor. The commercial or industrial properties are appraised at conservative percentages related to value and if any equipment is involved it is appraised at salvage value by the Milto Wershaw Company.

#### STRATEGY

The strategy of CAC is a very simple one which has proved highly successful. That is simply to underwrite loans on the basis that if any foreclosures were to take place, CAC or its clients would lose no money. CAC complies with all ERISA requirements and goes one step further by bonding the investments. Bonding from time to time will be done by insurance organizations, either nationally or internationally, rated as Triple A companies.

#### PORTFOLIO MANAGEMENT

Portfolio Management is done inhouse. The investors invest in a blind pool which gives them diversification and limits the risk to both CAC and the investor. The average size of CAC pools are \$5,000,000. Our loans normally conform to \$800,000 to \$2,000,000 in size and may be renewed or included into a new pool after the original loan has matured. Conversely, if a loan is paid off prior to maturity, CAC will continue to pay the investors on the full amount through the maturity date.

#### CONTROL AND REVIEW

Monthly payments are coordinated with United Security Trust, our Trustee, and these payments are likewise directed to our investors. All monthly payments to investors are sent by registered mail to insure delivery and confirm receipt.

The number of Corporate Pension Trust Funds now investing with us exceeds four hundred (400). Our insured pools allow a minimum investment of \$25,000; however, our records indicate that the current average initial investment exceeds \$100,000. Further, we have many investors with investments totalling from \$500,000 to more than \$6,000,000, and we have an enviable record of reinvestment exceeding 85%.

#### INSURANCE

It is important to note that these pools have been found acceptable as investment vehicles by the trust department officers of financial institutions acting as custodial trustees for the investors. They include, among others, Bank of America, Crocker Bank (now Wells Fargo), Lloyds Bank of

### INSURANCE (cont'd)

California (now Sanwa Bank), Union Bank (a subsidiary of Standard Chartered), and Ahmanson Trust. All have been directed by their clients to invest with CAC. CAC issues Insured Collateral Trust Notes for their client investors.

Buwigcorp International Insurance through the Luxembourg Reinsurance Pool (similar to Lloyds of London) handles the placement of Bonds in the Pools.

### SUMMARY

Our industry is a large growth industry. There are over 100,000 pension funds in the State of California and over 500,000 pension funds in the United States. It is a trillion dollar industry and getting larger day by day.

### CONCLUSION

Since inception, the company has established pools with a total face value of \$150,000,000 and a maturity value exceeding \$180,000,000. To date CAC has matured pools with a total principal and interest value of more than \$85,000,000 returning these investments to the investors with 100% performance. At this time we have an aggregate of unmatured pools approaching \$75,000,000 in principal and interest with the latest maturity of July 1990.

**Commercial Acceptance Corporation  
and Subsidiaries**

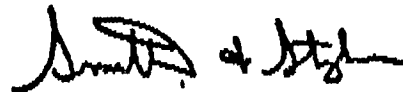
**CONSOLIDATED FINANCIAL STATEMENTS  
AUDITORS' REPORT**

**December 31, 1986 and 1985**

Board of Directors  
Commercial Acceptance Corporation

We have examined the consolidated balance sheets of Commercial Acceptance Corporation (a California corporation) and subsidiaries as of December 31, 1986 and 1985, and the related consolidated statements of earnings, changes in stockholders' equity, and financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Commercial Acceptance Corporation and subsidiaries at December 31, 1986 and 1985, and the results of its operations and changes in its consolidated financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



Glendora, California  
June 18, 1987

# COMMERCIAL ACCEPTANCE CORPORATION AND SUBSIDIARIES

## BALANCE SHEET

Years ended December 31, 1986 and 1985

### ASSETS

	1986	1985
Cash (note K) .....	\$ 8,707,017	\$ 4,143,626
Receivables		
Loans (notes C and F) .....	57,239,283	41,010,534
Interest .....	3,065,850	3,410,556
Loan fees .....	—	770,308
Employees .....	—	4,282
	<u>60,305,133</u>	<u>45,195,680</u>
Less allowance for doubtful receivables .....	(700,000)	(500,000)
	<u>59,605,133</u>	<u>44,695,680</u>
Prepaid expenses .....	504,205	272,820
Real Estate owned (note E) .....	2,609,411	2,577,080
Fixed assets - at cost		
Furniture and fixtures .....	101,479	73,417
Leasehold improvements .....	42,381	36,805
	<u>143,860</u>	<u>110,222</u>
Less accumulated depreciation and amortization (note A2) .....	<u>(82,318)</u>	<u>(63,005)</u>
	<u>61,542</u>	<u>47,217</u>
Deferred taxes (note G) .....	77,791	89,091
Other assets		
Deposits .....	104,890	890
Organization costs, less accumulated amortization of \$12,617 and \$9,677, respectively .....	6,000	9,000
Other .....	—	30,000
Deferred charges, less accumulated amortization of \$244,764 and \$231,199, respectively (note D) .....	<u>11,381</u>	<u>24,946</u>
	<u>122,271</u>	<u>64,836</u>
	<u>\$71,687,370</u>	<u>\$51,890,350</u>

### LIABILITIES AND STOCKHOLDERS' EQUITY

	1986	1985
Notes payable (note F) .....	\$59,760,444	\$44,595,060
Client reserves .....	2,508,342	460,343
Accounts payable .....	227,799	181,783
Accrued liabilities		
Interest .....	7,083,269	5,234,831
Payroll taxes .....	5,585	3,801
Property taxes .....	149,579	31,141
Insurance bonds payable .....	325,000	—
	<u>7,563,433</u>	<u>5,269,773</u>
Income taxes payable .....	232,100	155,037
Deferred loan fee income (note A4) .....	120,591	159,677
Lease commitments (note H) .....	—	—
Stockholders' equity		
Common stock		
Series A—authorized, 30,000 shares; issued and outstanding 17,000 shares .....	943,592	943,592
Less treasury stock .....	<u>(218,623)</u>	<u>(218,623)</u>
	724,969	724,969
Retained earnings (deficit) .....	549,692	343,708
	<u>1,274,661</u>	<u>1,068,677</u>
	<u>\$71,687,370</u>	<u>\$51,890,350</u>

The accompanying notes are an integral part of these statements.

# COMMERCIAL ACCEPTANCE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 1986 and 1985

	1986	1985
<b>Income</b>		
Interest .....	\$8,705,237	\$7,151,841
Loan fees (note A) .....	706,366	1,163,640
Other fees .....	99,949	118,977
Loss on sale of asset .....	(10,100)	(36,500)
Rental .....	133,454	36,196
	<u>9,634,906</u>	<u>8,434,154</u>
<b>Operating expenses</b>		
Trustee fees .....	355,842	229,189
Bond insurance .....	330,795	362,461
Provision for bad debts .....	337,702	367,000
Interest .....	6,530,018	5,562,815
General and administrative .....	<u>1,621,860</u>	<u>1,490,075</u>
	<u>9,176,217</u>	<u>5,960,086</u>
<b>Earnings before income taxes</b> .....	458,689	422,614
<b>Income taxes</b>		
Federal .....	192,291	70,623
State .....	<u>60,414</u>	<u>34,000</u>
	<u>252,705</u>	<u>104,623</u>
<b>NET EARNINGS</b> .....	<u>\$ 205,984</u>	<u>\$ 317,991</u>

The accompanying notes are an integral part of these statements.

**COMMERCIAL ACCEPTANCE CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

Years ended December 31, 1986 and 1985

	Common Stock Series A	Treasury Stock	Retained Earnings (Deficit)	Total
Balance at January 1, 1985 .....	\$943,592	\$(218,623)	\$25,717	\$750,686
Net earnings for the year .....	—	—	317,991	317,991
Balance at December 31, 1985 .....	943,592	(218,623)	343,708	1,068,677
Net earnings for the year .....	—	—	205,984	205,984
Balance at December 31, 1986 .....	<u>943,592</u>	<u>(218,623)</u>	<u>549,692</u>	<u>1,274,661</u>

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**

Years ended December 31, 1986 and 1985

	1986	1985
<b>Sources of funds</b>		
From operations		
Net earnings for the year .....	\$ 205,984	\$ 317,991
Items not using (providing) funds:		
Depreciation and amortization .....	35,878	46,419
Prepaid expenses .....	(231,385)	(45,601)
Deferred loan fees .....	(39,086)	(122,557)
Accrued liabilities .....	2,293,660	1,744,586
Allowance for doubtful receivables .....	200,000	365,000
Increase in notes payable .....	15,165,384	14,331,652
Increase (decrease) in client reserves .....	2,047,999	(965,051)
Increase (decrease) in accounts payable .....	46,016	29,365
Increase (decrease) in income taxes payable .....	77,063	(12,963)
	<u>\$19,801,513</u>	<u>\$15,688,841</u>
<b>Applications of funds</b>		
Acquisition of fixed assets .....	\$ 33,638	\$ 28,764
Increase in real estate owned .....	32,331	708,822
Increase (decrease) in other assets .....	74,000	(8,500)
Increase (decrease) in cash .....	4,563,391	2,518,595
Increase in loans receivable .....	15,109,453	12,395,667
Purchase of treasury stock .....	—	—
Increase in deferred income taxes .....	(11,300)	45,493
	<u>\$19,801,513</u>	<u>\$15,688,841</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS--(Continued)

December 31, 1986 and 1985

**NOTE F--NOTES PAYABLE (Continued)**

principal, Series 1057C/1057I, due May 31, 1987, with interest at 10.25% per annum; (2) Insured investors notes as to interest and principal, Series 1067C/1067I, due June 30, 1987, with interest at 10.25% per annum; (3) Insured investors notes as to interest and principal, Series 1097C/1097I, due September 30, 1987, with interest at 10.25% per annum; (4) Insured investors notes as to interest and principal, Series 1107C/1107I, due October 31, 1987, with interest at 9.25% per annum; (5) Insured investors notes as to interest and principal, Series 1127C/1127I, due December 31, 1987, with interest at 9.25% per annum; (6) Insured investors notes as to interest and principal, Series 2018C/2018I, due January 31, 1988, with interest at 11.50% per annum; (7) Insured investors notes as to interest and principal, Series 2058C/2058I, due May 31, 1988, with interest at 12.25% per annum; (8) Insured investors notes as to interest and principal, Series 2078F, due July 31, 1988, with interest at prime per annum; (9) Insured investors notes as to interest and principal, Series 2108C/2108I, due October 31, 1988, with interest at 10.00% per annum; (10) Insured investors notes as to interest and principal, Series 2118C/2118I, due November 30, 1988, with interest at 11.00% per annum; (11) Investors notes as to interest and principal, Series 3096C/3096I, due June 30, 1989, with interest at 11.75% per annum; (12) Insured investors notes as to interest and principal, Series 3109C/3109I, due October 31, 1989, with interest at 10.50% per annum; (13) Insured investors notes as to interest and principal, Series 2048C/2048I, due April 30, 1988, with interest at 11.00% per annum.

During the year ended December 31, 1985, the company issued the following: (1) Insured investors notes as to interest and principal, Series 800/801, due May 31, 1986 with interest at 12.25% per annum; (2) Insured investors notes as to interest and principal, Series 802/803, due June 18, 1986, with interest at 11.75% per annum; (3) Insured investors notes as to interest and principal, Series 196C/196I, due September 30, 1986, with interest at 11.00% per annum; (4) Insured investors notes as to interest and principal, Series 1017C/1017I, due January 31, 1987, with interest at 10.75% per annum; (5) Insured investors notes as to interest and principal, Series 675/676, due April 30, 1987, with interest at 13.25% per annum; (6) Insured investors notes as to interest and principal, Series 679/680, due April 30, 1987, with interest at 13.25% per annum; (7) Insured investors notes as to interest and principal, Series 681/682, due June 18, 1987, with interest at 12.75% per annum; (8) Insured investors notes as to interest and principal, Series 297C/297I, due September 30, 1987, with interest at 11.75% per annum; (9) Insured investors notes as to interest and principal, Series 2018C/2018I, due January 31, 1988, with interest at 11.50% per annum, and (10) Insured investors notes as to interest and principal, Series 3128C/3128I, due December 31, 1988, with interest at 12.25% per annum.

All of the above mentioned offerings are secured by both real and/or personal business property.

**NOTE G--DEFERRED INCOME TAXES**

Deferred income taxes are provided for the differences in timing of reporting transactions for financial statements and income tax purposes. The principal cumulative timing differences relate to the recognition of fees on loans as explained in Note A and California Franchise tax.

**NOTE H--LEASE COMMITMENT**

The company currently leases its office at \$4,100 a month. The lease expires March 31, 1987. Rent expense for the years ended December 31, 1986 and 1985 were \$36,900 and \$72,931, respectively.

**NOTE I--OFFERING CIRCULARS**

The company had seven offering circulars outstanding from prior years at December 31, 1985. A floating rate collateral trust note Series 1980 to a maximum of \$20,000,000.00; insured investors notes Series 500/501 and Series 510/511 at a maximum of \$5,000,000 each; Collateral trust notes, Series 110/111, at a maximum of \$2,500,000; Insured investors notes, Series 665/666, at a maximum of \$2,000,000; and Insured investors notes, Series 670/671, at a maximum of \$3,000,000; Series 677/678, at a maximum of \$1,000,000.

During the year ended December 31, 1985, the company issued the following offering circulars: (1) Insured investors notes, Series 800/801, at a maximum of \$2,500,000; (2) Insured investors notes, Series



# COMMERCIAL ACCEPTANCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1986 and 1985

### NOTE A—SUMMARY OF ACCOUNTING POLICIES

A summary of the company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### 1. *Principles of Consolidation*

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, First California Surety Corporation and Seventh Street Investments, Inc. which were established during the years ended December 31, 1984 and 1985. All significant intercompany transactions have been eliminated.

#### 2. *Depreciation and Amortization*

Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, using the straight-line method.

#### 3. *Recognition of Fees on Loans*

The company follows the practice of recognizing income from fees generated from loans using the acquisition factor of 50%-75% plus sum-of-the-digits method over the life of the loan for financial reporting purposes. For income tax purposes, the company follows the practice of recognizing income from fees generated from loans in the year received.

### NOTE B—HISTORY OF THE CORPORATION

The company was incorporated in the State of California on October 9, 1979 for the purpose of engaging primarily in the business of making secured term loans collateralized by income producing real estate and other business assets.

### NOTE C—LOANS RECEIVABLE

Loans receivable range from 1-5 years and are secured by income producing real estate and other business assets. Interest charged on these loans vary from prime plus 3% to prime plus 6% with a minimum interest rate of 12%. Of the total loans receivable at December 31, 1986 and 1985 \$61,331 at December 31, 1986 and \$275,417 at December 31, 1985 were made to companies in which certain stockholders were also stockholders of Commercial Acceptance Corporation and are fully secured by machinery and equipment under the terms of the loan agreements.

### NOTE D—DEFERRED CHARGES

Those costs incurred to date attributable to the offering circulars, collateral trust note and real estate mortgage trust note agreements and personal property broker's license have been deferred as they will benefit future operations. These costs are being amortized on a sum-of-the-digits method over the term of the trust notes which are 8 years and 5 years, respectively.

### NOTE E—REAL ESTATE OWNED

During the year ended, December 31, 1986, the company through compromise settlement agreements on two notes receivables took title to various pieces of developed real estate which at present it is holding for investment purposes. During the year ended December 31, 1985, the company through compromise settlement agreements on notes receivables took title to various pieces of developed real estate which at present it is holding for investment purposes.

### NOTE F—NOTES PAYABLE

The company issued floating collateral trust notes, Series 1980 due December 30, 1988, to various investors collateralized by a pro-rata interest in its commercial loan portfolio. Interest on these loans is at prime plus 1% but not less than 12% per annum.

During the year ended December 31, 1986, the following: (1) insured investors notes as to interest and

NOTES TO FINANCIAL STATEMENTS—(Continued)

December 31, 1986 and 1985

**NOTE I—OFFERING CIRCULARS (Continued)**

802/803, at a maximum of \$2,000,000; (3) Insured investors notes, Series 1961/1961, at a maximum of \$2,500,000; (4) Insured investors notes, Series 1017C/10171, at a maximum of \$2,500,000; (5) Insured investors notes, Series 675/676, at a maximum of \$5,000,000; (6) Insured investors notes, Series 679/680, at a maximum of \$2,000,000; (7) Insured investors notes, Series 681/682, with a maximum of \$2,000,000; (8) Insured investors notes, Series 2018C/20181, with a maximum of \$2,500,000; (9) Insured investors notes, Series 3128C/31281, with a maximum of \$5,000,000; (10) Insured investors notes, Series 297C/2971, with a maximum of \$3,000,000.

The company had seven offering circulars outstanding from prior years at December 31, 1985. A floating rate collateral trust notes Series 1980 to a maximum of \$20,000,000; Insured investors notes Series 500/501 and Series 510/511 at a maximum of \$5,000,000 each; Collateral trust notes, Series 310/311, at a maximum of \$10,000,000; Collateral trust notes, Series 110/111, at a maximum of \$2,500,000; Insured investors notes, Series 665/666, at a maximum of \$2,000,000; and Insured investors notes, Series 670/671, at a maximum of \$3,000,000; Series 677/678, at a maximum of \$1,000,000.

During the year December 31, 1985, the company issued the following offering circulars: (1) Insured investors notes, Series 800/801, at a maximum of \$2,500,000; (2) Insured investors notes, Series 802/803, at a maximum of \$2,000,000; (3) Insured investors notes, Series 196C/1961, at a maximum of \$2,500,000; (4) Insured investors notes, Series 1017C/10171, at a maximum of \$2,500,000; (5) Insured investors notes, Series 675/676, at a maximum of \$5,000,000; (6) Insured investors notes, Series 679/680, at a maximum of \$2,500,000; (7) Insured investors notes, Series 681/682, with a maximum of \$2,000,000; (8) Insured investors notes, Series 2018C/20181 with a maximum of \$2,500,000; (9) Insured investors notes, Series 3128C/31281, with a maximum of \$5,000,000; and (10) Insured investors notes, Series 297C/2971, with a maximum of \$3,000,000.

The company has eight offering circulars outstanding from prior years at December 31, 1986. A floating rate collateral trust notes, Series 1980 to a maximum of \$20,000,000; Insured investors notes Series 500/501 and Series 510/511 at a maximum of \$5,000,000 each; collateral trust notes, Series 310/311, at a maximum of \$10,000,000; Insured investors notes, Series 670/671, at a maximum of \$3,000,000; Insured investors notes, Series 675/676, at a maximum of \$5,000,000; Insured investors notes, Series 3128C/31281, at a maximum of \$5,000,000.

During the year December 31, 1986, the company issued the following offering circulars: (1) Insured investors notes, Series 1057C/10571, at a maximum of \$2,500,000; (2) Insured investors notes, Series 1067C/10671, at a maximum of \$2,500,000; (3) Insured investors notes, Series UST1C/UST11, at a maximum of \$3,000,000; (4) Insured investors notes, Series 1097C/10971, at a maximum of \$2,500,000; (5) Insured investors notes, Series 1107C/11071, at a maximum of \$2,500,000; (6) Insured investors notes, Series 1127C/11271, at a maximum of \$2,500,000; (7) Insured investors notes, Series 2048C/20481, at a maximum of \$2,500,000; (8) Insured investors notes, Series 1057C/10571, at a maximum of \$2,500,000; (9) Insured investors notes, Series 2058C/20581, at a maximum of \$1,000,000; (10) Insured investors notes, Series 2078F, at a maximum of \$1,000,000; (11) Insured investors notes, Series 2108C/21081, at a maximum of \$2,500,000; (12) Insured investors notes, Series 2118C/21181, at a maximum of \$3,000,000; (13) Insured investors notes, Series 2049C/20491, at a maximum of \$2,500,000; (14) Insured investors notes, Series 3069C/30691, at a maximum of \$2,500,000; (15) Insured investors notes, Series 2079F, at a maximum of \$1,000,000; (16) Insured investors notes, Series 3109C/31091, at a maximum of \$2,500,000.

The proceeds are derived principally from qualified corporate pension and profit sharing trusts and other institutional investors. The company has entered into indenture agreements with First California Surety Corporation (a wholly-owned subsidiary), United Security Trust Company and California First Bank, respectively, for the protection of investors under each program.

All proceeds are being loaned to client borrowers and are collateralized by income producing real estate and other business assets.

**NOTE J—INCOME TAXES**

During the year ended December 31, 1986, the company realized a federal tax credit of approximately \$96,641 against prior years federal income tax liability.

NOTES TO FINANCIAL STATEMENTS—(Continued)

December 31, 1986 and 1985

**NOTE K—CASH**

Included in this balance are undrawn investor funds held in trust by the First California Surety Corporation (a wholly-owned subsidiary), United Security Trust Company and California First Bank. As of December 31, 1986 and 1985, the amount in trust totalled approximately \$8,652,754 and \$4,193,600, respectively.

**NOTE L—JOINT VENTURES**

The company has entered into two joint venture agreements as it relates to the development of two separate real estate properties. The company will share in the profit of the joint venture either as the projects are completed or the real estate is sold. As of December 31, 1985, the company has not invested any capital in the projects but has made secured loans to the joint venture totalling \$3,926,620.

## INTEREST AND PRINCIPAL SURETY BOND

Commercial Acceptance Corporation has in force an Interest and Principal Surety Bond issued by International Reinsurance of Luxembourg S.A. Under the terms of this Bond, the Surety shall pay to the Trustee, for payment to the investors, amounts equal to that portion of the principal and/or interest, if any, which shall be unpaid for any reason by the Company.

KNOW ALL MEN BY THESE PRESENTS, for consideration received that International Reinsurance of Luxembourg ("Guarantor") as Guarantor for Commercial Acceptance Corporation ("Principal"), is held and firmly bound unto United Security Trust Company, Santa Barbara, as Trustee ("Trustee") and unto the Holders under a Collateral Trust Agreement, ("Trust"), between the Principal and the Trustee relating to the Notes (as that term is described in the "Trust Agreement"), and to its successors of the Notes from time to time, for that portion of the principal and interest on the Notes which shall become due for payment and the obligations to maintain the Interest Reserve Account in the Trust Agreement, but shall be unpaid by reason of Nonpayment by the Principal.

Upon the happening or continuance of Nonpayment by the Principal, the Guarantor shall remedy such Nonpayment by making payments on or before the time period specified in the Trust Agreement to the Trustee of the principal and/or interest of the Notes or to the Interest Reserve Account as described in the Trust Agreement upon written notification by the Trustee.

In the event there shall be no Trustee, then acting under the Trust Agreement, the Guarantor shall make payments directly to the Noteholders or any protective committee or committees established in their behalf. Upon such payment, the Guarantor shall be subrogated, to the extent provided by Law or the Trust Agreement, to all rights and remedies of the Trustee or the Holders of the Notes, as the cause may be, as to which such payments have been made.

As used herein, the following terms shall have the meaning indicated: The term "Holder" shall mean any person other than the Issuer who at the time of Nonpayment is the registered owner of the Note; the term "Due for Payment," when referring to the principal of the Notes, shall mean the date when the stated maturity date has been reached or such earlier date on which payment is due by reason of a call for redemption, acceleration, or other advancement of maturity, as provided for in the Notes, and when referring to interest on the Notes shall mean the stated date for payment of interest; and the term "Nonpayment" shall mean the failure of the Principal to have provided sufficient funds to the Trustee for Payment in full of all principal and interest on the Notes which are Due for Payment or to have provided sufficient funds to the Trustee for payment in full of the amounts required to maintain the Interest Reserve Base Amount.

This Guarantee is effective upon payment of the premium and is noncancellable for any reason, including without limitation, the voluntary or involuntary commencement or maintenance of bankruptcy, reorganization or insolvency proceedings, assignment for the benefit of creditors by, for, or against the Principal; or any negligent misrepresentation or omission made by the Principal with reference to the issuance of this Guarantee.

Further, the Trustee, or in the event there shall be no Trustee, the Holders or any committee or committees acting on their behalf, shall have the right under this agreement to proceed directly against the Guarantor without the necessity for demand, notice or other action by, to, or with respect to the Principal. The premium on this agreement is not refundable for any reason including payment on the Notes prior to maturity. This Agreement does not insure against loss of any redemption or repayment which at this time may become due in respect of any Note or against any risk other than Nonpayment.

The Guarantor warrants that this Agreement will be reinsured with a major reinsurance company in the world whose Global rating with either Standard & Poor's or Moody's is the equivalent of an A. M. Best rating of A-12 or better.

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/8/88

1

On June 7, 1988, [REDACTED]

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home [REDACTED]  
was interviewed at his office in [REDACTED]  
was advised of the identity of the interviewing agent and that  
he was being interviewed regarding his association with a JOHN  
ELLSWORTH and a firm entitled Commercial Acceptance Corporation  
(CAC). [REDACTED] advised that he has [REDACTED]

[REDACTED] stated that it is his wish to cooperate  
with the Federal Bureau of Investigation (FBI) and that he does  
not require an attorney present for this interview. [REDACTED]  
then furnished the following information:

Sometime during 1985, [REDACTED] acquaintances  
of [REDACTED] met with a JOHN ELLSWORTH, DAVID FACCIANI, [REDACTED]  
[REDACTED] somewhere in Luxembourg. This information  
was imparted to [REDACTED] by [REDACTED] who told [REDACTED] that  
these people represented CAC and that they were involved in lending  
pension funds furnished by investor groups. [REDACTED]

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Approximately one month later, JOHN ELLSWORTH called  
[REDACTED] office and wanted to meet with [REDACTED]  
ELLSWORTH met with [REDACTED]

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b7DInvestigation on 7/7/88 at [REDACTED] File # LA 196A-4834 -74b6  
b7C  
b7Dby SA [REDACTED] seh Date dictated \_\_\_\_\_

Continuation of FD-302 of [REDACTED]

, On 7/7/88 , Page 2

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[REDACTED]

[REDACTED] ELLSWORTH  
claimed to be an officer of CAC but [REDACTED] does not recall the  
exact position. [REDACTED]  
[REDACTED]

ELLSWORTH made several subsequent trips to [REDACTED]  
to meet with [REDACTED]

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[REDACTED]

[REDACTED] stated he never talked with  
[REDACTED] who was also associated with CAC. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Sometime during August of 1985, ELLSWORTH met with [REDACTED]

[REDACTED]

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Continuation of FD-302 of [REDACTED], On 7/7/88, Page 3\*

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[REDACTED]

[REDACTED]

[REDACTED] stated that he met two individuals by the names of [REDACTED]

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[REDACTED]

In conversations with DAVID FACCIANI, [REDACTED] stated that FACCIANI represented that he owned a restaurant in Las Vegas by the name of The Library. FACCIANI told [REDACTED] that he was president of CAC and that he was the person who ran CAC.

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[REDACTED] was not an officer of CAC but apparently had some input regarding the transactions.

[REDACTED] furnished the following descriptive data regarding himself:

Date of Birth  
Place of Birth  
Height  
Weight  
Eyes  
Hair

[REDACTED]

[REDACTED] stated he would search his files for any paperwork regarding his association with ELLSWORTH and CAC and subsequently furnish those to the FBI.



## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/11/88

1

On July 7, 1988, [REDACTED]

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home [REDACTED] was contacted and interviewed at his office to furnish information regarding his association with a firm entitled Commercial Acceptance Corporation (CAC) and a JOHN ELLSWORTH. [REDACTED] advised that he

[REDACTED] advised he does not require an attorney and agreed to cooperate with the Federal Bureau of Investigation (FBI). [REDACTED] furnished the following information:

Sometime during early 1985, [REDACTED] first spoke with a JOHN ELLSWORTH regarding [REDACTED]

[REDACTED] met ELLSWORTH through a [REDACTED] an associate of [REDACTED]

[REDACTED] also mentioned that during his initial contact with ELLSWORTH, ELLSWORTH stated he had paid approximately \$1.5 million to an insurance company in Orange County to obtain insurance on behalf of CAC. According to ELLSWORTH CAC never did obtain the insurance or the return of the money. [REDACTED]

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[REDACTED] had subsequent contacts with ELLSWORTH wherein ELLSWORTH mentioned that a firm entitled CAC, which he was associated with, was a lender mainly for joint ventures. ELLSWORTH stated he is connected with CAC but did not represent himself as being

Investigation on 7/7/88 at [REDACTED]File # LA 196A-4834-75b6  
b7C  
b7D

by SA [REDACTED] seh

Date dictated \_\_\_\_\_

Continuation of FD-302 of \_\_\_\_\_, On 7/7/88, Page 2b6  
b7C  
b7D

an officer. ELLSWORTH supposedly transacted deals with CAC and that during this period of time CAC was desirous of consolidating all its real estate loans. ELLSWORTH stated that CAC had properties in Los Angeles, Alaska and other areas unrecalled by \_\_\_\_\_ ELLSWORTH stated that CAC had mortgage investor pools possibly funded by Union Investor funds. \_\_\_\_\_

\_\_\_\_\_ stated that sometime during May, 1988 he also met DAVID FACCIANI who represented himself as being an officer of CAC. FACCIANI came with ELLSWORTH on several occasions to meet with \_\_\_\_\_. FACCIANI explained that CAC had various mortgage pools for subsequent investment. \_\_\_\_\_

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Continuation of FD-302 of [REDACTED], On 7/7/88, Page 3\*

b6  
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[REDACTED]

[REDACTED]  
[REDACTED] stated that he may have met  
[REDACTED] through an [REDACTED]

[REDACTED] stated he was not aware  
of the exact relationship of ELLSWORTH with [REDACTED]

[REDACTED] furnished the following descriptive data regarding  
himself:

Date of Birth  
Place of Birth  
Height  
Weight  
Hair  
Eyes

[REDACTED]  
[REDACTED]

[REDACTED] stated that he would attempt to obtain all the  
[REDACTED] and furnish these to  
the FBI in addition to any other documents located regarding his  
association and contacts with ELLSWORTH and CAC.

AUG 10 3 14 AM '88

FORMS.TEXT HAS 1 DOCUMENT

INBOX.1 (#1912)

TELETYPE

TEXT:

VZCZCHQ0030

RR HQ LA PAR

DE BER #0380 2220752

ZNR UUUUU

R 090845Z AUG 88

FM LEGAT BERN (196A-302) (P)

TO DIRECTOR ROUTINE

FBI LOS ANGELES (196A-4834) (WCC-1) ROUTINE

LEGAT PARIS (163A-4034) (INFO) ROUTINE

BT

UNCLAS

[REDACTED] DAVID FACCIANI, DBA COMMERCIAL ACCEPTANCE CORPORATION (CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA; JOHN C. ELLSWORTH, DBA DESERT MARVEL LTD., DENNIS WAGNER ENTERPRISES, INC., SULTANA HOLDINGS, U.S. COAL CORPORATION, LOS ANGELES, CALIFORNIA; BUSICORP SA, SARL; IRX REINSURANCE, LUXEMBOURG; FBW; MF; ITSP; OO: LOS ANGELES.

RELATEL DATED JUNE 6, 1988; AND BERTEL DATED JUNE 10, 1988.

[REDACTED] HAVE REQUESTED THAT  
SUBJECTS OF THIS INVESTIGATION BE FULLY IDENTIFIED IN ORDER THAT

TELETYPE

196A-4834-76

me  
wcc  
AUG 10 1988

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b7C

PAGE TWO DE BER 0380 UNCLAS

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[REDACTED]  
LOS ANGELES IS REQUESTED TO FURNISH [REDACTED]

[REDACTED] TO THE EXTENT POSSIBLE FOR CAPTIONED SUBJECTS AS  
WELL AS [REDACTED] IF THIS  
INFORMATION IS NOT AVAILABLE, PLEASE SO ADVISE.

LOS ANGELES IS ALSO REQUESTED TO CONFIRM THAT FIRM NAMES IN  
TITLE OF THIS CASE ARE U.S. LOCATED FIRMS. IT IS NOTED THAT IN  
LOS ANGELES TELETYPE DATED JUNE 6, 1988, TITLE CARRIES COMPANY AS  
"IRS REINSURANCE, LUXEMBOURG," WHEREAS THROUGHOUT TEXT OF  
TELETYPE, FIRM NAME IS GIVEN AS "IRI REINSURANCE." LOS ANGELES  
PLEASE ADVISE CORRECT VERSION OF NAME.

BT

#0380

NNNN.

# Memorandum



To : SAC, LOS ANGELES (2-NEW)

Date 8/10/88

From : SA [REDACTED]

Subject: COMORE ISLANDS  
NEUTRALITY MATTER  
OO: LOS ANGELES

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On 8/9/88, SA [REDACTED] an IRS special agent who is investigating a case with the writer titled "Commercial Acceptance Corp. et al, MF; FBW; OO: Los Angeles" LA file number 196A-4834, advised that he has reviewed some documents furnished by JOHN ELLSWORTH, a subject of the 196 case, to the receiver of Commercial Acceptance Corp. Some of these documents contain charts of the Comore Islands located off the coast of Africa marking military installations and magazine articles regarding the "president" of the islands. According to [REDACTED] ELLSWORTH has requested the receiver to return to him copies of those documents and claimed that the charts represent an intended takeover of the islands. These representations were supposedly made by ELLSWORTH to [REDACTED] attorney for the receiver, who is located at 10950 Wilshire Boulevard; Los Angeles, California, telephone (213) 879-8733. The documents in question are also located at 10950 Wilshire Boulevard. ELLSWORTH is presently incarcerated at Terminal Island due to a conviction re a BF&E matter investigated by SA [REDACTED]

3 - Los Angeles  
1 - 196-4834

TRG/mmww  
(3)

- 1\* -

196-4834-77

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 11 1988	
FBI-LOS ANGELES	

1

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/4/88

On 4/4/88, [REDACTED]

[REDACTED]  
was served with a FGJ subpoena to furnish documents regarding  
[REDACTED]On 4/11/88, the representative of [REDACTED]  
advised that no account could be located for [REDACTED]On 8/2/88, the subpoena was returned before the FGJ, Los  
Angeles, California.b3  
b6  
b7CGRAND JURY MATERIAL DISSEMINATE ONLY  
PURSUANT TO RULE 6 (e), Fed. R. Crim. P.Investigation on 4/4, 4/11 & 8/2/88 at Los Angeles, California File # 196A-4834 *78*by SA *dy* [REDACTED] mmw Date dictated 8/4/88b6  
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

1

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/4/88

On 4/4/88, [redacted]  
[redacted] was  
served with a FGJ subpoena to furnish documents regarding [redacted]  
[redacted]

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On 6/8/88, the documents, requested were received from  
[redacted] via the U.S. mails.

On 8/2/88, these documents were returned before the FGJ.  
SA's [redacted] FBI; [redacted] IRS Special Agent,  
and [redacted] DEPARTMENT OF LABOR INVESTIGATOR were  
designated custodians of the documents.

GRAND JURY MATERIAL DISSEMINATE ONLY  
PURSUANT TO RULE 6 (e), Fed. R. Crim. P.

Investigation on 4/4, 6/8 & 8/2/88 at Los Angeles, California File # 196A-4834 79

by SA [redacted] mmw Date dictated 8/4/88

b6  
b7C



FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☒ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS
Date 8/15/88

28

1 FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

2 TO DIRECTOR FBI/ROUTINE/

3 FBI PARIS (163A-4034)/ROUTINE/

4 FBI LEGAT BERN (196A-302)/ROUTINE/

5 BT

6 UNCLAS

7 CITE: //3410//

8  
9 SUBJECT:  DAVID FACCIANI; DBA COMMERCIAL ACCEPTANCE  
10 CORPORATION (CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA;  
11 JOHN C ELLSWORTH, DBA DESERT MARVEL LTD, DENNIS WAGNER  
12 ENTERPRISES INC, SULTANA HOLDINGS, U.S. COAL CORPORATION, LOS  
13 ANGELES, CALIFORNIA; BUSICORP SA, SARL; IRI REINSURANCE,  
14 LUXEMBOURG, FBW; MF; ITSP; OO: LOS ANGELES.

15 RE LATEL TO BUREAU, DATED 6/6/88, BERTEL DATED 6/10/88 AND

16 TRG/mmw  
17 (1)

18 196A-4834-80

19 SEARCHED \_\_\_\_\_

20 INDEXED \_\_\_\_\_

21 SERIALIZED m. N/AFILED m. N

mmw001w.228

Approved: LGL/gjs

Transmitted

168  
 (Number)

227  
 (Time)

Per \_\_\_\_\_

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^PAGE TWO (LA 196A-4834) UNCLAS

LEGAT PARIS TELETYPE DATED 8/9/88.

FOLLOWING IS DESCRIPTIVE DATA OF SUBJECTS AND OTHER  
INFORMATION REQUESTED IN RE LEGAT, PARIS TEL.

- 1) [REDACTED]
- |               |            |
|---------------|------------|
| DATE OF BIRTH | [REDACTED] |
| HEIGHT        | 6'         |
| SEX           | MALE       |
| WEIGHT        | 195 POUNDS |
| HAIR          | GRAY       |
| EYES          | BLUE       |
| RESIDENCE     | [REDACTED] |
- 2) DAVID ALBERT FACCIANI
- |               |                       |
|---------------|-----------------------|
| DATE OF BIRTH | JANUARY 17, 1944      |
| SEX           | MALE                  |
| HAIR          | BROWN                 |
| EYES          | BROWN                 |
| HEIGHT        | 5'9"                  |
| WEIGHT        | 205 POUNDS            |
| RESIDENCE     | FULLERTON, CALIFORNIA |

b6  
b7C

^PAGE THREE (LA 196A-4834) UNCLAS

3) JOHN CLIFFORD ELLSWORTH

DATE OF BIRTH	APRIL 10, 1946
SEX	MALE
PLACE OF BIRTH	ROCHESTER, NEW YORK
HEIGHT	5'10"
WEIGHT	250 POUNDS
EYES	BLUE
HAIR	BROWN
RESIDENCE	PRESENTLY INCARCERATED AT TERMINAL

ISLAND, CALIFORNIA, ON A FEDERAL BF&E CHARGE.

IT IS BELIEVED THAT [REDACTED] AND FACCIANI AS WELL AS ELLSWORTH ARE U.S. CITIZENS.

LOS ANGELES IS IN POSSESSION OF NO DESCRIPTIVE OR BACKGROUND DATA REGARDING [REDACTED] OTHER THAN WHAT IS CONTAINED IN RE LOS ANGELES TEL.

CAC, DESERT MARVEL LTD., DENNIS WAGNER ENTERPRISES INC., SULTANA HOLDINGS AND U.S. COAL CORPORATION ARE ALL U.S. CORPORATIONS. BUSICORP SA AND BUSICORP SARL ARE BELIEVED TO BE LUXEMBOURG CORPORATIONS. IRI REINSURANCE AND AAEP MANAGEMENT ARE BELIEVED TO BE EITHER SWISS OR LICHTENSTEIN CORPORATIONS OR BOTH.

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^PAGE FOUR (LA 196A-4834) UNCLAS

IRI REINSURANCE IS THE PROPER NAME, NOT IRS REINSURANCE.

BT

1

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/16/88

On 8/10/88, [ ] was contacted at his office at [ ]  
[ ]  
furnished a packet of [ ]  
checks reproduced by the HARBOR BANK, 890 Baker Street, Costa  
Mesa, California. These checks represent payments made by  
[ ] at the direction of JOHN ELLSWORTH.  
These checks have the initials JE in the memo column to indicate  
that the payments were made on behalf of ELLSWORTH.

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b7C  
b7D

Investigation on 8/10/88 at [ ] File # 196A-4834 -81  
by SA [ ] mmw Date dictated 8/14/88

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b7C  
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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/29/88

On July 18, 1988, [redacted]  
[redacted] California, telephone [redacted] work telephone  
number [redacted] was interviewed at the Los Angeles  
office of the Federal Bureau of Investigation. Also present  
during the interview was [redacted] Special Agent for  
the Internal Revenue Service. [redacted] was advised that he  
was being contacted regarding his knowledge and association  
with a firm entitled Commercial Acceptance Corporation (CAC).  
After being advised of the identity of the interviewing agents,  
[redacted] furnished the following information:

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[redacted]  
[redacted] met DAVID FACCIANI, the chief financial  
officer for CAC. [redacted]  
[redacted]  
[redacted]

[redacted] stated that CAC was described to him by  
FACCIANI as being an asset based lender and that the investor  
funds were received from pension plans and private investors.  
The CAC loans were authorized by either FACCIANI or [redacted]  
[redacted]  
[redacted]

b6  
b7C

[redacted] Several of  
the loans were not being paid off which resulted in negotiations  
regarding paybacks, extensions, and foreclosures on collateral.  
[redacted]  
[redacted]

[redacted] stated that the investor pools were insured  
and that the initial insurance was with a company called Industrial  
Indemnity and another company located somewhere in Texas.  
According to [redacted] and FACCIANI where the individuals  
involved with obtaining insurance for CAC loans.

Investigation on 8/18/88 at Los Angeles, California File # LA 196A-4834 - 82

by SA [redacted] tlm Date dictated 7/18/88

b6  
b7C

Continuation of FD-302 of [REDACTED]

LA 196A-4834 7/18/88 - 2 -

, On

, Page

[REDACTED] characterized JOHN ELLSWORTH as [REDACTED]

[REDACTED] stated he did not have much association with ELLSWORTH and that most of the contacts with ELLSWORTH were handled by either [REDACTED] or FACCIANI.

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b7C

Both [REDACTED] and FACCIANI told [REDACTED] that a company called Busicorp was an offshore insurance company either in Belgium or the Netherlands, which was set up to issue bonds for CAC loans. [REDACTED] understood that Busicorp was brought to CAC through ELLSWORTH and that ELLSWORTH was in fact a principal of Busicorp.

At this time in the interview [REDACTED] was exhibited several CAC checks numbered as follows:

1. Check number 6083 made payable to S.H. Mikami and Company in the amount of \$50,000 dated January 30, 1985. [REDACTED] stated that this was a payment for an industrial indemnity bond on behalf of CAC. [REDACTED]

[REDACTED] stated that the signature on the check is that of [REDACTED] stated that the writing in the body of the check appeared to be that of [REDACTED]

b6  
b7C

2. CAC check number 6222 made payable to Surety Federal in the amount of \$45,000 dated February 8, 1985. [REDACTED] stated that the signature on the check is that of [REDACTED] but that he does not recall the specifics regarding this particular check.

3. Check number 6223 made payable to Surety Federal dated February 8, 1985. [REDACTED] stated that the signature on the check is that of [REDACTED] but that he does not recall the exact details regarding the check.

4. Check number 6524 made payable to [REDACTED] in the amount of \$1,000 dated March 26, 1985. [REDACTED] recalls

Continuation of FD-302 of [redacted] LA 196A-4834 - 3 - , On [redacted] , Page [redacted] b6 b7C

[redacted] identified the signature on the check as being that of [redacted]

5. CAC check number 7236 made payable to Busicorp in the amount of \$7500 dated July 11, 1985. [redacted] identified the signature on the check as being that of [redacted] stated that this check was a payment regarding a bond premium for CAC notes. [redacted] CAC had insurance through an insurance company in Europe. [redacted] stated however he never met the insurance underwriters.

6. CAC check number 7237 made payable to California First Bank in the amount of \$3000 dated July 11, 1985. [redacted] identified the signature on the check as being that of [redacted] [redacted] stated that California First Bank was a trustee for the first three CAC investor pools. [redacted] however could not recall the exact specifics regarding the issuance of this check.

7. CAC check number 7665 made payable to Associated Legal Services in the amount of \$32,500 dated September 23, 1985. [redacted] identified the signature on the check as being that of [redacted] could not recall the exact specifics regarding the issuance of this check but believes that the writing on the check is that of [redacted]

8. CAC check number 7602 made payable to Associated Legal Services in the amount of \$42,500 dated September 5, 1985. [redacted] identified the signature on the check as being that of [redacted] stated that these were definitely insurance premium payments made for CAC notes due to the notations on the check as being for bond expense with the specific bond being enumerated.

9. CAC check number 7505, 7504, and 7503 were all made payable to Associated Lending and Legal Services that were marked void. [redacted] stated that these checks were never cashed.

10. CAC check number 8276 made payable to California First Bank in the amount of \$5000 dated December 27, 1985.



Continuation of FD-302 of

[REDACTED] LA 196A-4834 - 4\* -

, On

, Page

[REDACTED] identified the signature on the check as being that of [REDACTED] believes that the writing on the body of the check is that of [REDACTED] however was unable to recall the exact specifics regarding the issuance of this check.

b6  
b7C

[REDACTED]  
[REDACTED]  
[REDACTED] The fact that the ELLSWORTH loans appeared to be processed differently than those of other loans became a source of concern for [REDACTED] The ELLSWORTH loans were handled directly through and with [REDACTED] and FACCIANI.

[REDACTED] The interview was concluded with the result that [REDACTED] would make himself available for any subsequent discussions regarding CAC.

**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700

LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					

16-21/147  
1220  
6083

COMMERCIAL ACCEPTANCE 50000 00/100 CTS

PAY

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
S. H. MILKAMI & Company	1/30/85	6083	50000 00

FIRST INTERSTATE BANK Wilmington Office  
1234 North Avalon Boulevard Wilmington, California 90744



*David H. Jackson*

⑈006083⑈ ⑆122000218⑆147218550⑈ 11

⑈0005000000⑈

b6  
b7C

10-85-20

10/10/10 10:10 AM

302 17113

**FICA - 87**  
**PROCEDURE**

(2) 1990  
 1991  
 1992  
 1993  
 1994

**CAC** Commercial  
Acceptance  
Corporation

411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE


16-21/147  
1220

6222

PAY

COMMERCIAL  
ACCEPTANCE 45000 DOLLARS 00 CTS

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
SURETY FEDERAL	7/8/85	6222	45000.00

FIRST INTERSTATE BANK Wilmington Office  
1234 North Avalon Boulevard Wilmington, California 90744

*[Redacted Signature]*

⑈006222⑈ ⑆122000218⑆147218550⑈ 11

⑈0004500000⑈

b6  
b7C

233642033

For ~~2015~~ only  
Surety ~~Red~~  
By *[Signature]*

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 10/1/00 BY 1043



FB 85 17

108197978

*[Handwritten mark]*

Los Angeles County Assn. of  
Los Angeles, Calif.  
10/1/00

5 1 1 5 2  
10/1/00

**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					

16-21/147  
1220  
6223

PAY

COMMERCIAL  
ACCEPTANCE 50000 DOLLARS

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
Surgery FEDERAL	2/8/85	6223	50000.00
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>			

FIRST INTERSTATE BANK Wilmington Office  
1234 North Avalon Boulevard Wilmington, California 90744

*Paul H. Adams*

⑈006223⑈ ⑆122000218⑆147218550⑈ 11

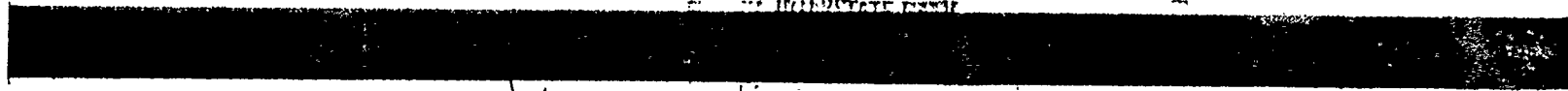
⑈0005000000⑈

b6  
b7C

for person only  
Surety Redress  
by *[Signature]*

833642633

STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES  
SUPERIOR COURT



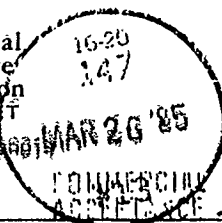
EQ 85 11

Orange County, April 24, 1976  
Los Angeles, California  
1976, 1977

108197974

**CAC** Commercial  
Acceptance  
Corporation

411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90017  
(213) 628-1151



REMITTANCE ADVICE					

16-21/147  
1220

6524

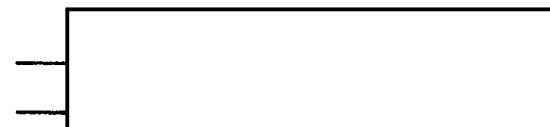
PAY

TO THE ORDER OF	DATE	CHECK NO.
	3/26/85	6524
BOND EXPENSE FIELD INVESTIGATION TRI-WAY #79		

DOLLARS

CHECK AMOUNT
1000 00

FIRST INTERSTATE BANK Wilmington Office  
1234 North Avalon Boulevard Wilmington, California 90744



⑈006524⑈ ⑆122000218⑆147218550⑈ 11

⑈0000100000⑈

b6  
b7C



51

MAR 26 1985 24  
Wilmington Office #141  
Los Angeles, Calif.  
16-21 1729

NO 16 23 85

MR 85 26



**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					

16-21/147  
1220

7236

PAY COMMERCIAL ACCEPTANCE 7500 2000 00 CTS DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
<i>Busicorp</i>	<i>7/11/85</i>	<i>7236</i>	<i>7500 00</i>

FIRST INTERSTATE BANK Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744

--

*Neil A. Linn*

⑈007236⑈ ⑆122000218⑆147218550⑈ 11

⑈0000750000⑈

b6  
b7C

Pay to the order of  
Bank of America  
Priority Mail

any Bank,  
Company  
guaranteed

**300**

**UE**  
Société  
Anonyme

25

APR 1986 276  
PROCESSED  
BY JAMES BANK  
IN ANGELES, CA  
PACIFIC BANK

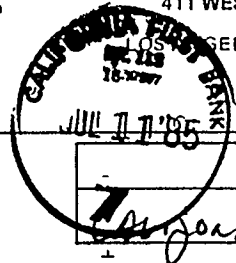
**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					

16-21/147  
1220

7237

PAY



COMMERCIAL 3000 00 00

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
CALIFORNIA FIRST BANK	7/11/85	7237	3000 00

CASHIER CATER  
BOND - EXPENSE

FIRST INTERSTATE BANK Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744



*Paul C. Harris*

⑈007237⑈ ⑆122000218⑆147218550⑈ 11

⑈0000300000⑈

b6  
b7C

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**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					

16-21/147  
1220

7665

*OK  
FIP  
RAB*

PAY

COMMERCIAL  
ACCEPTANCE 32500.00 CTS

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
ASSOCIATED LEGAL SERVICES	9/23/85	Boards # A1104, A1105, A1106	7665
			32,500.00

FIRST INTERSTATE BANK Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744

*David A. Fournier*

⑈007665⑈ ⑆122000218⑆ ⑆142218550⑈ 11

⑈0003250000⑈

b6  
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Pay to the order of our  
Deposit to CTS che-  
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on Behalf of  
Associated Legal Service.

RECEIVED  
FBI  
JAN 11 1964

SEP 23 1955

Algeria Bank  
Ch

AMERICAN PACIFIC  
COMMUNICATIONS  
CORPORATION  
DEPT. C  
2017

**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					
Bond #	679	\$	15,000 <sup>00</sup>		
	800		15,000 <sup>00</sup>		
	665		12,500 <sup>00</sup>		
Premium Expense					

16-21/147  
1220

7602

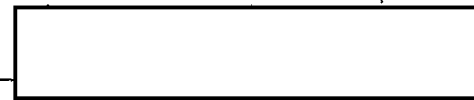
PAY

COMMERCIAL  
ACCEPTANCE 42500.00

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
ASSOCIATED Legal Service	9/5/85	7602	42,500.00
BOND EXPENSE Premium			

FIRST INTERSTATE BANK: Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744



*North American*

⑈007602⑈ ⑆122000218⑆147218550⑈ 11

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SE 8 09

REC.  
A.L. LOS ANGELES  
1220-0016

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EDWARDS 3415 HARBOR BANK LOS ANGELES CALIF

HARBOR BANK  
SE 85 02 LONG BEACH, CALIF.  
FICA-14 40-3415 90-3415  
PROCESSED

120002570

120002570

*[Handwritten signature]*

**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

RECEIVED ADVISE					

16-21/147  
1220

7505

COMMERCIAL  
ACCEPTANCE

12500.00000000

PAY

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
Associating Learning	8/26/85	7505	12500.00
Senior #665 Basic Corp Bonds			

FIRST INTERSTATE BANK Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744

*[Redacted box]*

*[Handwritten signature]*

⑈007505⑈ ⑆122000218⑆147218550⑈ 11

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772010  
CANCELLLED  
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CANCELLLED

*[Handwritten mark]*

**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					

16-21/147  
1220

7504

COMMERCIAL  
ACCEPTANCE **I 7500 00 00 CTS**

PAY

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
<i>Associated Lawyers</i>	<i>8/24/85</i>	<i>7504</i>	<i>17 500 00</i>
<i>[Handwritten signature]</i>			

FIRST INTERSTATE BANK Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744

*[Handwritten signature]*

⑈007504⑈ ⑆122000218⑆147218550⑈ 11

b6  
b7C

*for Mr. [illegible]*

CRED... ACCOUNT OF  
TIME...  
Absence...  
90-3463... 90-3463

CANCELLED

CANCELLED

041074925



*[Handwritten mark]*

**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					

16-21/147  
1220

7503

COMMERCIAL  
ACCEPTANCE **I 7500 00 00**

PAY

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
<i>ASSOCIATED LENDING</i>	<i>9/24/88</i>	<i>7503</i>	<i>17,500 00</i>

FIRST INTERSTATE BANK Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744

*[Handwritten signature]*

⑈007503⑈ ⑆122000218⑆147218550⑈ 11

b6  
b7C

*unit only*

CREDIT TO THE ACCOUNT OF  
THE  
ADVERSE  
90-2463

**CANCELLED**

041624925



*Dr*

**CAC** Commercial  
Acceptance  
Corporation  
411 WEST SEVENTH STREET  
SUITE 700  
LOS ANGELES, CALIFORNIA 90014  
(213) 626-1151

REMITTANCE ADVICE					
CASHIER CHECK					
BANK OF CALIFORNIA	ACCT BUSICORP.				

16-21/147  
1220

8276

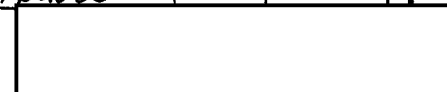
COMMERCIAL  
ACCEPTANCE 5000 00 00 CTS

PAY

TO THE ORDER OF	DATE	CHECK NO.	CHECK AMOUNT
CALIFORNIA FIRST BANK	12/27/85	8276	5000 00

DOLLARS

FIRST INTERSTATE BANK Wilmington Office  
1234 NORTH AVALON BOULEVARD WILMINGTON, CALIFORNIA 90744



*Walter H. Harrison*

b6  
b7C

⑈008276⑈ ⑆122000218⑆147218550⑈ 11

⑈0000500000⑈





FBI

## TRANSMIT VIA:

☒ Teletype  
☐ Facsimile

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS
Date 9/11/88

1 FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

2 TO DIRECTOR FBI/ROUTINE/

3 LEGAT PARIS (196-0)/ROUTINE/

4 LEGAT BERN/ROUTINE/

5 BT

6 UNCLAS

7 CITE: //3410//

8 SUBJECT: [REDACTED] AKA, ET AL FBW; MF; ITSP; OO: LOS ANGELES.

9 RE LOS ANGELES TEL TO BERN AND LEGATS DATED JUNE 6, 1988 AND  
10 LEGAT, PARIS TELETYPE DATED SEPTEMBER 8, 1988.11 REFERENCED LOS ANGELES TELETYPE SETS FORTH BACKGROUND RE  
12 CAPTIONED CASE.13 IF APPROVED BY THE BU, SA [REDACTED] (FBI-LOS ANGELES  
14 OFFICE), IRS SA [REDACTED] (LOS ANGELES, CALIFORNIA)

15 TRG/111100

16 (1)

17  
18  
19  
20  
21  
111100Z 11 200b6  
b7CApproved: LEG/ATTransmitted VSR

(Number)

334

(Time)

Per

196A-4834-83  
SEARCHED

INDEXED

SERIALIZED

b6  
b7C

^PAGE TWO (196A-4834) UNCLAS

AND DEPARTMENT OF LABOR INVESTIGATOR [REDACTED] (LOS ANGELES, CALIFORNIA) PLAN TO TRAVEL TO PARIS, FRANCE ON OCTOBER 11, 1988 ARRIVING PARIS ON OCTOBER 12, 1988. CONTACTS WITH LUXEMBOURG OFFICIALS WOULD BE CONDUCTED ON OCTOBER 13-14, 1988. INTERVIEWS WITH [REDACTED] WOULD BE CONDUCTED ON OCTOBER 17-18, 1988 IN LUXEMBOURG. LEGAT, PARIS ADVISED ARRANGEMENTS FOR CONTACTS WITH LUXEMBOURG OFFICIALS AND INTERVIEWS WITH [REDACTED] HAVE BEEN APPROVED BY THE APPROPRIATE LUXEMBOURG AGENCIES. LEGAT, PARIS FURTHER ADVISED TRAVEL TO LUXEMBOURG FROM PARIS WILL BE ARRANGED THROUGH LEGAT.

AUSA [REDACTED] LOS ANGELES, CALIFORNIA AND SAC, LOS ANGELES CONCUR WITH TRAVEL OF SA [REDACTED] TO LUXEMBOURG. ROUND TRIP AIR FARE TO PARIS ESTIMATED AT APPROXIMATELY \$1100 AND EIGHT DAYS PER DIEM BASED ON \$148 PER DAY IN LUXEMBOURG TOTALS \$1184. TOTAL TRIP EXPENDITURE ESTIMATED AT APPROXIMATELY \$2284.

FBIHQ IS REQUESTED TO OBTAIN THE APPROPRIATE APPROVALS TO AUTHORIZE TRAVEL OF SA [REDACTED] TO TRAVEL TO PARIS AND LUXEMBOURG TO CONDUCT INTERVIEWS RE CAPTIONED CASE.

BT

b6  
b7c

Transmit attached by Facsimile - UNCLAS

~~PRECEDENCE~~ **URGENT**

FACSIMILE

To: SAC LOS ANGELES (196A-4834) (WCC-1)

Date: 9/12/88

From: DIRECTOR, FBI

Time: 10:00 AM

INT.

DATE  
TIME

Subject: [REDACTED] DAVID FACCIAN,  
DBA COMMERCIAL ACCEPTANCE CORP.,  
FBW, MF, ITSP, OO: LA

Initials:

b6  
b7C

☐ Fingerprint Photo

☐ Fingerprint Record

☐ Map

☐ Newspaper clipping

☐ Radiograph

☐ Artists Conception

☒ Other TELETYPE FROM LEGAT Paris 9/12

Special handling instructions:

ATTN SA [REDACTED]

SSA [REDACTED]

Room 3839

X 5660

Approved: [Signature]

VZCZCHQ0015 2531820

SEP 10 9 30 AM '88

PP HQ LA

DE PAR #0725 2521106

TELETYPE

ZNR UUUUU

P 081010Z SEP 88

FM PARIS (163A-4034)(P)

TO DIRECTOR, FBI PRIORITY

TO FBI LOS ANGELES (196A-4834)(WCC-1) PRIORITY

U N C L A S

BT

[REDACTED] DAVID FACCIANI; DBA COMMERCIAL ACCEPTANCE CORPORATION  
(CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA; JOHN C.  
ELLSWORTH, DBA DESERT MARVEL LTD, DENNIS WAGNER ENTERPRISES INC,  
SULTANA HOLDINGS, U.S. COAL CORPORATION, LOS ANGELES, CALIFORNIA;  
BUSICORP SA, SARL; IRI REINSURANCE, LUXEMBOURG; FBW; MF; ITSP;  
OO: LOS ANGELES.

LEGAT WAS ABLE TO CONTACT [REDACTED]

[REDACTED]  
[REDACTED] ON CAPTIONED MATTER. (LEGAT APOLOGIZES FOR  
DELAY, BUT [REDACTED]

TELETYPE

196A-4834-86

SEARCHED	INDEXED
SERIALIZED	FILED
WCC SEP 08 1988	
FBI - LOS ANGELES	

3/2

b6  
b7C

b6  
b7C  
b7D

PAGE TWO DE PAR 0725 UNCLAS

[REDACTED] FROM OUR PERSPECTIVE, LEGAT, PARIS IS AVAILABLE LAST WEEK OF SEPTEMBER OR SECOND WEEK OF OCTOBER. WE WOULD PREFER SECOND WEEK OF OCTOBER AS LEGAT, BRUSSELS WOULD BE AVAILABLE, AND WE HAVE ALMOST CONTINUED TRAVEL THROUGH THE NEXT FOUR WEEKS. LOS ANGELES IS ASKED TO FURNISH LEGAT, PARIS ITS PREFERENCE.

b6  
b7C  
b7D

[REDACTED]

[REDACTED]

WITH THE ABOVE CAVEAT, [REDACTED] IS CERTAINLY WILLING TO TALK WITH LOS ANGELES AGENTS IN DETAIL CONCERNING THIS CASE. IF THERE WERE [REDACTED]

[REDACTED]

[REDACTED]

BT

#0015

NNNN

-->

# Memorandum



To : SAC, LOS ANGELES (196A-4834)(WCC-1)(P) Date 9/21/88

From : SA [redacted]

b6  
b7C

Subject : [redacted], aka;  
Et al;  
FBW; MF; ITSP;  
OO: Los Angeles

On 9/14/88, [redacted] telephonically contacted the writer to advise that [redacted] received a civil complaint requesting [redacted] to testify in Federal Civil Court in Los Angeles. [redacted] was advised that that civil proceeding is apart from the criminal FBI investigation into captioned case. No advice was furnished to [redacted]. [redacted] stated he intends to send a copy of the complaint to the FBI for informational purposes.

b6  
b7C  
b7D

TRG/dw  
(2)

- 1\* -

196A-4834-87

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 22 1988	
FBI-LOS ANGELES	

FORMS.TEXT HAS 1 DOCUMENT

INBOX.1 (#1797)

TEXT:

VZCZCHQ0105/272

RR HQ LA

DE PAR #0842 2721439

ZNR UUUUU

R 281300Z SEP 88

FM PARIS (163A-4034) (P)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES/ROUTINE/

BT

UNCLAS

CITE: //5250//

*196A-4834-71 7/88*  
*196A-4834\* 11/87*  
*NUMEROUS FILES NOT LISTED AND 163 FILES*

SUBJECT: [REDACTED] AKA, ET AL; FBW; MF; ITSP; OO: LOS ANGELES.

RE PARIS TELETYPE (163A-4034), DATED SEPTEMBER 23, 1988.

WE HAVE RECEIVED A CABLE FROM [REDACTED]

CONFIRMING THE AVAILABILITY OF [REDACTED] FOR THE 17TH AND

18TH OF OCTOBER FOR INTERVIEW [REDACTED]

b6  
b7C  
b7D

[REDACTED] IF LOS ANGELES

DESIRES ANOTHER TIME FRAME, PLEASE ADVISE LEGAT, PARIS.

**TELETYPE**

COPIES SEARCHED:  
MANUALLY *W*  
FORMS *(W)*

*196-4834-88*  
wcc-4 SEP 29 1988  
[REDACTED] *W*

b6  
b7C



PAGE TWO DE PAR 0842 UNCLAS

BT

#0105

NNNN

-->

FORMS. TEXT HAS 1 DOCUMENT

INBOX. 4 (#2109)

TEXT:

VZCZCHQ0033

RR HQ LA PAR

DE BER #0484 2770859

ZNR UUUUU

R 030945Z OCT 88

FM LEGAT BERN (196A-302) (P)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES (196A-4834) (WCC-1)/ROUTINE/

INFO LEGAT PARIS (163A-4034)/ROUTINE/

BT

UNCLAS

CITE: //5550//

PASS: HQ FOR CID, WCC SECTION.

SUBJECT: [REDACTED] DAVID FACCIANI, DBA COMMERCIAL ACCEPTANCE  
CORPORATION (CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA;  
ET AL; FBW; MF; ITSP; OO: LOS ANGELES.

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RELATELS DATED JUNE 6, 1988 AND AUGUST 16, 1988; BERTELS  
DATED JUNE 10, 1988 AND AUGUST 9, 1988.

LEGAT, BERN HAS RECEIVED A RESPONSE FROM [REDACTED] TO THE  
REQUEST SET FORTH IN LOS ANGELES TELETYPE JUNE 6, 1988. THE

b7D

**TELETYPE COPY**

1 copy  
received

196A-4834-89

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 04 1988	
FBI - LOS ANGELES	

PAGE FOUR DE BER 0484 UNCLAS

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LEGAT WILL SUBMIT COPIES OF THE [REDACTED] REPORTS AND  
OTHER DOCUMENTS FURNISHED BY [REDACTED] TO [REDACTED] BY COVER  
AIRTEL TO FBIHQ AND LOS ANGELES. ONE COPY WILL BE SENT TO  
LANGUAGE SERVICES UNIT (LSU) FOR TRANSLATION AND A COPY WILL BE  
SENT TO LOS ANGELES FOR USE UNTIL RECEIPT OF TRANSLATION FROM  
LSU.

BT

#0484

NNNN

11A-4894-  
107  
COPY  
received  
11/31-11/11  
2

FORMS.TEXT HAS 1 DOCUMENT

INBOX.1 (#999)

TEXT:  
VZCZCHQ0246

RR LA PAR

DE HQ #0246 2891307

ZNR UUUUU

R 142201Z OCT 88

FM DIRECTOR FBI

TO LOS ANGELES (196A-4834) ROUTINE

LEGAT PARIS (163A-4034) ROUTINE

BT

UNCLAS

[REDACTED] AKA, ET AL; FBW; MF; ITSP; OO: LOS ANGELES

RE TELETYPE FROM LOS ANGELES TO DIRECTOR DATED 10/6/88.

THE PURPOSE OF THIS TELETYPE IS TO CONFIRM ORAL FBIHQ  
AUTHORIZATION GIVEN TO SA [REDACTED] TO TRAVEL TO  
LUXEMBOURG BY SSA [REDACTED] FCU ON 10/7/88.

LEGAL ATTACHE PARIS OBTAINED HOST COUNTRY APPROVAL FOR THE  
TRAVEL, AND THE INTERVIEW [REDACTED]  
[REDACTED]

BT

#0246

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TELETYPE

196A-4834-90

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 15 1988	

[REDACTED]

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FBI

## TRANSMIT VIA:

☒ Teletype  
☒ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS

Date 10-5-88

009

FM FBI LOS ANGELES (196-4834)

TO DIRECTOR FBI/ROUTINE/

LEGAT PARIS (163A-4034)/ROUTINE/

BT

UNCLAS

CITE: //3410//

SUBJECT: [REDACTED] AKA ET AL, FBW, MF, FTSP; OO: LOS ANGELES.

RE LEGAT PARIS TELETYPE DATED SEPTEMBER 28, 1988.

IF APPROVED BY THE BUREAU, SPECIAL AGENT (SA) [REDACTED]

[REDACTED] (FBI), SA [REDACTED] (IRS) AND DEPARTMENT OF LABOR  
 INVESTIGATION [REDACTED] WILL BE TRAVELLING TO PARIS, FRANCE  
 FROM LOS ANGELES CALIFORNIA, VIA PAN AM, FLIGHT NUMBER 116  
 ARRIVING DE GAUL AIRPORT, PARIS ON OCTOBER 12, 1988 AT 6:55 A.M..

LEGAT IS REQUESTED, IF POSSIBLE, TO ARRANGE MEETING WITH

leek

196-4834-91

 SEARCHED \_\_\_\_\_  
 INDEXED \_\_\_\_\_  
 SERIALIZED 721  
 FILED 311
Approved: EGH/AA

Transmitted \_\_\_\_\_

(Number)

(Time)

Per W

196-4834

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^PAGE TWO LA

UNCLAS

[REDACTED]

[REDACTED]

TO ALLOW TRAVEL TIME TO LUXEMBOURG THE MORNING

OF OCTOBER 13, 1988.

BT

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## FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 9/29/88

On September 26, 1988, [redacted]  
[redacted], California, telephone [redacted] was interviewed at her residence. [redacted] was advised that she was being interviewed regarding [redacted] a firm called Commerical Acceptance Corporation (CAC). After being advised of the identity of the interviewing agent, [redacted] furnished the following information:

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[redacted]  
[redacted]  
[redacted] was exhibited CAC checks numbered 6083, 6222, 6223, 6524, 6525, 7102, 7103, 7236, 7237, 6420, 7324, 7325, 7326, 7505, 7602, 7665, 8276, 10066, 10271, 10391, and 10671. All of these checks [redacted] All of the checks with FACCIANI'S signature were usually authorized by FACCIANI [redacted] written instructions furnished to [redacted] regarding the disposition and reason for the checks. [redacted]

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[redacted] does not recall any specific conversations regarding insurance premiums paid for CAC loans. All of the checks exhibited [redacted] were checks which were noted for either bond expense or bond premium.

[redacted] was unable to recall any specific recollection of the checks other than check 6083 in which FACCIANI said that the payee [redacted] was supposedly handling the insurance for CAC loans.

b6  
b7C

[redacted]  
also authorized checks and was usually the second individual to sign the CAC checks. [redacted] stated that [redacted]  
[redacted] she learned this information through FACCIANI.

Investigation on 9/26/88 at [redacted], California File # LA 196A-4834 *92*

by SA [redacted] *JW* Date dictated 9/26/88

b6  
b7C

Continuation of FD-302 of [REDACTED]

, On 9/26/88

, Page 2\*

[REDACTED] could not recall any instances in which there were any conditions placed on borrowers to furnish funds to CAC principals in return for furnishing the loans.

b6  
b7c

[REDACTED] stated that she is [REDACTED] a former employee of CAC.

The interview was concluded with the result that [REDACTED] would be available for any subsequent interview by the Federal Bureau of Investigation regarding other aspects of [REDACTED] CAC.



# Memorandum



To : SAC, LOS ANGELES (196A-4834) (WCC-1) (P) Date 11/14/88

From : SA [REDACTED]

b6  
b7C

Subject: COMMERCIAL ACCEPTANCE CORP. (CAC)  
ET AL;  
FBW; MF; ITSP;  
OO: LOS ANGELES

## Investigative Plan

There are four general areas of fraud in this case which are as follows:

- 1) Lack of insurance for CAC notes as represented in offering circulars.
- 2) PONZI scheme utilizing CAC investor funds to pay off other CAC investors.
- 3) Kickbacks to CAC principals by CAC borrowers.
- 4) Over appraisals of collateral for CAC loans.

The initial focus of the case is to determine the

[REDACTED]  
[REDACTED] Interviews regarding this aspect of the case are presently being conducted.

[REDACTED]  
[REDACTED] the FBI, IRS and DEPARTMENT OF LABOR.

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The kickback area of the fraud [REDACTED]

[REDACTED]  
[REDACTED] has been accused of receiving kickbacks in return for loans specifically in the case of [REDACTED]

The case is being coordinated through AUSA [REDACTED]

2 - Los Angeles  
TRG/mmw  
(2)

146A-4834-93  
SEARCHED [initials] INDEXED [initials]  
SERIALIZED [initials] FILED [initials]  
NOV 14 1988

[REDACTED]

g/k

File - Serial Charge Out  
FD-5 (Rev. 6-17-70)

File \_\_\_\_\_ Class. \_\_\_\_\_ Case No. \_\_\_\_\_ Last Serial \_\_\_\_\_ Date \_\_\_\_\_

☐ Pending

☐ Closed

Serial No. \_\_\_\_\_ Description of Serial \_\_\_\_\_ Date Charged \_\_\_\_\_

~~76~~ \_\_\_\_\_ ~~8/10/88~~

~~85~~ \_\_\_\_\_ ~~9/26/88~~

~~90~~ \_\_\_\_\_ ~~10/18/88~~

~~94~~ Copy of \_\_\_\_\_ ~~11/25/88~~

~~95~~ \_\_\_\_\_ " b7D

~~96~~ \_\_\_\_\_ " b7D

~~98~~ \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Employee

RECHARGE

Date \_\_\_\_\_

To \_\_\_\_\_ From \_\_\_\_\_

Initials of Clerk { \_\_\_\_\_  
\_\_\_\_\_

Date { \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Date charged

\_\_\_\_\_ Employee

\_\_\_\_\_ Location

1

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/16/88

The following declaration was translated from French to English by Special Agent (SA) [ ] on 10/31/88:

I, the undersigned, [ ] residing in Bruxelles, (Belgium), declare under oath that:

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"At the end of June, beginning of July 1987, I made the acquaintance of MR. [ ] residing at Howald (Luxembourg) at the office of COMMERCIAL ACCEPTANCE CORPORATION (CAC) in Los Angeles (United States). MR. [ ] was introduced to me by MR. ELLSWORTH as one of the Luxembourg partners who was commissioned to manage other European countries through the Luxembourg firm "BUISICORP" which belongs to MR. ELLSWORTH himself according to him. MR. [ ] presents himself as the administrator of said company. I asked him what his function and mission will be and I obtained the response, "to attract new firms into my country, to create new companies, and to insure as is necessary, administrative assistance".

MR. ELLSWORTH had warned me that MR. [ ] together with MR. [ ] held equal holdings of insurance and that the contracts existed, I posed the question concerning them of a meeting: "To which extent CAC is insured, especially the bonds?? MR. [ ] furiously and surprisingly immediately summoned MR. ELLSWORTH, MR. [ ] and MR. DAVID FACCHIANI and he had them explain respectively whether the margins of insurance existed. MR. [ ] allowed it to be understood and repeated this in several meetings; with other persons aforementioned that regarding the following, this incident through the course of the month of July that no blanket policy of insurance existed. I recall as well, that MR. [ ] insisted in notifying people, regarding the nonexistence of insurance, who he presented as responsible through a trust by the name of UNITED SECURITY TRUST; this trust was responsible according to certain investors. I do not recall any names of the people.

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However, MR. [ ] attempted to explain the mechanism to adopt to find a solution to the CAC problem that I can not repeat or summarize without being able to recall the necessary named details: MR. [ ] explained further that according to the research of a Swiss specialist named MR. [ ] in matters of re-insurance and of consequence coverages are possible, but it will be wise and appropriate to create companies in Liechtenstein which receive premiums to create formulation to the base of these

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Investigation on 10/31/88 at Los Angeles, California File # LA 196A-4834-95

by SA [ ] /xsp Date dictated 10/31/88

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Continuation of FD-302 of SA [REDACTED], On 10/31/88, Page [REDACTED]

companies in case of bankruptcy on the part of CAC through investors. I recall also, very well, that MR. ELLSWORTH declared at this meeting that the Swiss individual, MR. [REDACTED] had telephoned him at the time of the arrival of MR. [REDACTED] and had advised him contradictorily to what MR. ELLSWORTH claimed he had found the solution with the insurance of category AAA. MR. ELLSWORTH showed us a list with the names of insurance companies that were apparently submitted by MR. [REDACTED]

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MR. ELLSWORTH stipulated to me as well that MR. [REDACTED] and MR. [REDACTED] simply had to follow these instructions as it was given that BUSICORP was the property and it had assumed the personal integral responsibility with respect to all concerned persons.

Brussels, June 30, 1988

[REDACTED]



D E C L A R A T I O N

Je soussigné, [ ] domicilié à Bruxelles (Belgique)  
déclare sous serment ce qui suit:

"Fin juin / début juillet 1987 je fis la connaissance de [ ]  
[ ] domicilié à Howald (Luxembourg) dans les bureaux de la  
Commercial Acceptance Corporation (CAC) à Los Angeles (Etats Unis).  
[ ] me fut présenté par M. ELLSWORTH comme un des partenaires  
luxembourgeois qui a été chargé conjointement avec un certain  
[ ] de s'occuper et préserver les intérêts américains  
à Luxembourg et dans d'autres pays européens par le biais d'une  
société luxembourgeoise BUSICORP laquelle appartenait selon  
M. ELLSWORTH à lui seul. [ ] se présenta lui-même comme  
administrateur de la dite société. Je lui demanda qu'elle sera sa  
fonction, respectivement sa mission? et j'ai obtenu comme réponse:  
"D'attirer les nouvelles sociétés dans mon pays, de créer des  
sociétés et d'en assurer le cas échéant la tâche administrative."

Comme M. ELLSWORTH m'avait prévenu que [ ] conjointement avec  
[ ] s'occupait également de la matière d'assurances  
et que des contrats d'assurances existaient, je lui ai posé la  
question suivante lors d'une réunion: "A quel point est-ce que la  
CAC est assurée et notamment les bonds?" [ ] furieusement  
étonné appela immédiatement M. ELLSWORTH, [ ] et M. David  
FACCHIANI et il tenait à ce qu'ils s'expliquent respectivement à se  
corriger qu'aucune couverture d'assurances existait. [ ] laissa  
entendre et répéta dans maintes réunions; avec d'autres personnes  
que celles précitées, qui se tenaient à la suite de cet incident  
au cours du mois de juillet qu'aucune couverture d'assurances  
existait. Je me rappelle également que [ ] insistait à avertir  
des gens, sous la non-couverture d'assurances, qui se présentaient  
comme responsables d'un trust au nom de UNITED SECURITY TRUST, ce  
trust étant responsable vis-à-vis de certains investisseurs. Je ne

...2....

me rappelle plus des noms de ces gens.

Cependant [ ] essaya d'expliquer le mécanisme à adopter pour trouver une solution au problème CAC que je ne peux répéter que sommairement sans pouvoir me rappeler des nombreux détails à savoir:

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[ ] expliqua que suite à l'étude d'un spécialiste suisse nommé [ ] en matière de réassurance, qu'aucun traité de réassurance et par conséquent aucune couverture n'était possible, mais qu'il serait sage et approprié de créer des sociétés à Liechtenstein, lesquelles encaissèrent des "primes" pour créer un fond par le biais de ces sociétés en cas d'insolvabilité de la part de CAC vis-à-vis des investisseurs. Je me rappelle encore très bien que M. ELLSWORTH déclara lors de cette réunion que le swiss guy [ ] lui avait téléphoné parallèlement lors de l'arrivée de [ ] et lui avait dit contrairement à ce que prétendait [ ] qu'il avait trouvé la solution avec des assureurs classés AAA. M. ELLSWORTH nous montra même une liste avec des noms de Compagnies d'Assurances qui lui fut apparemment remis par [ ]

M. ELLSWORTH me précisa également que [ ] resp. [ ] auraient qu'à suivre ses instructions, étant donné que BUSICORP était sa propriété et qu'il en assumait l'intégrale responsabilité personnelle vis-à-vis de toutes personnes concernées.

Bruxelles, le 30 juin 1988.

[ ]  
[ ]

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FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☒ AIRTEL

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date 10/18/88

TO: DIRECTOR, FBI  
 (ATTN: LANGUAGE SERVICES UNIT)

FROM: LEGAT, BERN (196A-302) (RUC)

SUBJECT: [REDACTED]

DAVID FACCIANI, dba  
 COMMERCIAL ACCEPTANCE CORPORATION (CAC),  
 411 WEST 7TH STREET,  
 LOS ANGELES, CALIFORNIA; ET AL  
 FBW; MF; ITSP  
 OO: LOS ANGELES

Re Bern teletype dated 10/3/88.

Enclosed for the Language Services Unit for translation  
 is one copy of reports and enclosures furnished by [REDACTED]

Enclosed for Los Angeles is one copy of above described  
 [REDACTED]

The Language Services Unit is requested to translate  
 enclosures and furnish translation to Los Angeles.

196A-4834-96

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 14 1988	
FBI - LOS ANGELES	

⑤ - Bureau (Enc. 1)  
 (1- OLIA)

② - Los Angeles (196A-4834) (WCC-1) (Enc. 1)

1 - Bern

RMF:jsw  
 (6)

Approved: \_\_\_\_\_ Transmitted \_\_\_\_\_ Per \_\_\_\_\_  
 1\*(Number) (Time)

b6  
 b7C

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/9/88

On December 8, 1988,  furnished the following attached document regarding BUSICORP dated April 29, 1986.

b6  
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Investigation on 12/8/88 at Los Angeles, California File # 196A-4834  
by SA  mmw Date dictated 12/8/88

b6  
b7C



Jean SECKLER

notaire  
JUNGLINSTER

Numéro

ASSEMBLEE GENERALE EXTRAORDINAIRE,  
AUGMENTATION DE CAPITAL du 29 avril 1986  
-----

L'an mil neuf cent quatre-vingt-six, le vingt-neuf avril.

Pardevant Maître Jean SECKLER, notaire de résidence à Junglinster.

S'est réunie l'assemblée générale extraordinaire des actionnaires de la société anonyme "BUSINESS FOR INTERNATIONAL CORPORATIONS S.A." en abrégé "BUSICORP S.A." avec siège social à Howald, (R.C. Luxembourg B numéro

constituée par acte du notaire instrumentaire en date du 18 décembre 1984, publié au Mémorial C numéro 38 du 8 février 1985, et dont la forme a été changée suivant acte du notaire instrumentaire en date du 14 août 1985, publié au Mémorial C numéro 304 du 22 octobre 1985.

L'assemblée est présidée par Monsieur Dennis E. WAGNER, commerçant, demeurant à Glendalre, AZ 85302.

L'assemblée choisit comme scrutateur Monsieur Ernest KRIER, agent d'assurances, demeurant à Altwies,

et désigne comme secrétaire Monsieur David JUDD avocat, demeurant à Los Angeles, 411, West 7th, (Californie).

Tous ici présents et ce acceptant.

Le bureau ayant été ainsi constitué, Monsieur le Président expose et prie le notaire instrumentaire d'acter:

I.- Que la présente assemblée générale extraordinaire a pour ORDRE DU JOUR:

1) Augmentation de capital à concurrence de treize millions neuf cent mille francs (13.900.000.- frs.) pour le porter de son montant actuel de quatre millions cent mille francs (4.100.000.- frs.) à dix-huit millions de francs (18.000.000.- frs.) par la création et l'émission de deux cent soixante-dix-huit (278) actions nouvelles, d'une valeur nominale de 50.000.- francs chacune.

Souscription et libération intégrale des deux cent soixante-dix-huit actions nouvelles et renonciation au droit de souscription par les anciens actionnaires.

2) Modification afférente de l'article cinq des statuts.

3) Modification de la composition du conseil d'administration et nomination d'un administrateur-délégué.

II.- Que les actionnaires présents ainsi que le nombre d'actions qu'ils détiennent sont indiqués sur une liste de présence, laquelle, après avoir été signée "ne varietur" par les actionnaires présents et les membres du bureau, restera annexée au présent procès-verbal pour être soumise avec lui aux formalités de l'enregistrement, avec constatation expresse que l'intégralité du capital social est présente ou représentée.

III.- Qu'en conséquence la présente assemblée est régulièrement constituée et peut valablement délibérer sur les points protégés à l'ordre du jour.

Ces faits exposés et reconnus exacts par l'assemblée, cette dernière, après délibération, prend à l'unanimité les résolutions suivantes:

#### PREMIERE RESOLUTION

L'assemblée décide d'augmenter le capital social à concurrence de treize millions neuf cent mille francs (13.900.000.- frs.) pour le porter de son montant actuel de quatre millions cent mille francs (4.100.000.- frs.) à dix-huit millions de francs (18.000.000.- frs.) par la création et l'émission de deux cent soixante-dix-huit (278) actions nouvelles, d'une valeur nominale de 50.000.- francs chacune.

L'assemblée constate que les anciens actionnaires ont renoncé au droit de souscription préférentiel.

Ensuite est intervenu au présent acte Monsieur Dennis E. WAGNER, demeurant à 5336 W CINNABAR, Glendale, AZ 85302, lequel a déclaré souscrire les deux cent soixante dix-huit (278) actions nouvelles avec une valeur nominale de 50.000.- francs chacune. Cette souscription a été immédiatement et intégralement libérée par des versements en espèces, si bien que la somme de treize millions neuf cent mille francs (13.900.000.- frs.) se trouve dès-à-présent à la disposition de la société, ainsi qu'il en a été justifié au notaire instrumentaire, qui le constate expressément.

#### DEUXIEME RESOLUTION

A la suite des décisions qui précèdent, l'assemblée générale décide de modifier l'article 5 des statuts qui aura désormais la teneur suivante:

" Article 5.- Le capital social est fixé à dix-huit millions de francs (18.000.000.- frs.), divisé en trois cent soixante (360) actions d'une valeur nominale de cinquante mille francs chacune, (50.000.- frs.), entièrement libérées."

#### TROISIEME RESOLUTION

L'assemblée générale décide la modification de la composition du conseil d'administration et la nomination d'un administrateur-délégué,, savoir:

##### Sont nommés administrateurs:

- Monsieur John C. ELLSWORTH, director, demeurant à 5659 Holly OAK Dr. LA, Calif. 90068.
- Monsieur Dennis E. WAGNER, commerçant, demeurant à 5336 W CINNABAR GLENDALE, AZ 85302.
- Monsieur Georges WAGNER, directeur, demeurant à Luxembourg, 5, rue C.M.Spo, ,
- Monsieur Ernest KRIER, agent d'assurances, demeurant à Altwies, 12, rue de Filsdorf.

##### Est nommé administrateur-délégué:

- Monsieur Ernest KRIER, préqualifié.

FRAIS.- Tous les frais et honoraires résultant du présent acte sont à charge de la société.

L'ordre du jour étant épuisé et plus personne ne demandant la parole, Monsieur le Président lève

DONT ACTE.

Fait et passé à Junglinster, en l'étude.

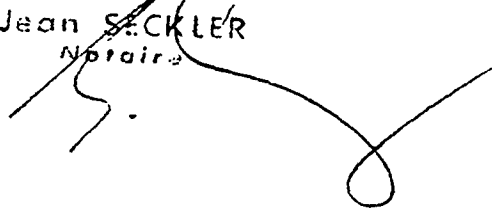
Date qu'en tête des présentes.

Et après lecture faite et interprétation donnée  
aux comparants, tous ont signé avec Nous notaire  
le présent acte.

Pour copie conforme  
Junglinster, le

29. AVR. 1986

Jean SECKLER  
Notaire

A handwritten signature in black ink, appearing to be 'J. Seckler', written over the printed name and title.



Numéro 5024

CONSTITUTION DE SOCIETE du 11 janvier 1986

---

L'an mil neuf cent quatre-vingt-six.

Le onze janvier.

Pardevant Maître Jean SECKLER, notaire de résidence à Junglinster.

ONT COMPARU:

1.- La société anonyme "AUDIOVISUAL ADVERTIZING SYSTEMS S.A.H." en abrégé "AVAS S.A.H." avec siège social à Luxembourg, ici représentée par

a) Monsieur Ernest KRIER, agent d'assurances, demeurant à Altwies, 12, rue de Filsdorf,

b) Monsieur Armand HOFFMANN, directeur, demeurant à Aspelt, 22, Cité Diderrich,

2.- Monsieur Ernest KRIER, préqualifié, agissant en son nom personnel.

Lesquels comparants ont arrêté ainsi qu'il suit les statuts d'une société anonyme qu'ils vont constituer entre eux:

Article 1) Il est formé par la présente une société anonyme sous la dénomination de "HYDROPLAST INTERNATIONAL S.A.".

Le siège social est établi à Luxembourg.

Il peut être transféré dans tout autre endroit du Grand-Duché de Luxembourg par une décision du Conseil d'Administration.

La durée de la société est fixée à trente ans à compter de ce jour. Elle pourra être prorogée successivement ou dissoute anticipativement par décision de l'assemblée générale des actionnaires, délibérant dans les formes prescrites par la loi pour la modification aux statuts. La société peut prendre des engagements pour un terme dépassant sa durée.

Article 2) La société a pour objet la production et la commercialisation d'appareils électro-ménagers et d'appareils pour cuisines de collectivités, pour cafés et restaurants ainsi que l'exploitation de brevets d'invention et licences y relatifs de même que toutes opérations commerciales, industrielles, financières, mobilières et immobilières, se rapportant directement ou indirectement à son objet.

Article 3) Le capital social est fixé à un million deux cent cinquante mille francs divisés en mille deux cent cinquante actions de mille francs chacune.

Article 4) Les actions sont nominatives ou au porteur, au choix de l'actionnaire, à l'exception de celles pour lesquelles la loi prescrit la forme nominative.

Les actions de la société peuvent être créées au choix du propriétaire, en titres unitaires ou en certificats représentatifs de plusieurs actions.

La société pourra procéder au rachat de ses actions au moyen de ses réserves disponibles et en respectant les dispositions de l'article 49-2 de la loi du 24 avril 1983 modifiant la loi de 1915.

Article 5) La société est administrée par un conseil composé de trois membres au moins, actionnaires ou non.

Les administrateurs sont nommés pour une durée qui ne peut dépasser six ans; ils sont rééligibles et toujours révocables.

En cas de vacance d'une place d'administrateur, les administrateurs restants et le ou les commissaires réunis ont le droit d'y pourvoir provisoirement, dans ce cas l'assemblée générale, lors de sa première réunion, procède à l'élection définitive.

Article 6) Le conseil d'administration a le pouvoir d'accomplir tous les actes nécessaires ou utiles à la réalisation de l'objet social; tout ce qui n'est pas réservé à l'assemblée générale par la loi ou les présents statuts est de sa compétence.

Le conseil d'administration peut désigner son président; en cas d'absence du président, la présidence de la réunion peut être conférée à un administrateur présent.

Le conseil d'administration ne peut délibérer que si la majorité de ses membres est présente ou représentée, le mandat entre administrateurs, qui peut être donné par écrit, télégramme ou télex, étant admis. En cas d'urgence, les administrateurs peuvent émettre leur vote par écrit, télégramme ou télex.

Les décisions du conseil d'administration sont prises à la majorité des voix, en cas de partage, la voix de celui qui préside la réunion est prépondérante. Le conseil peut déléguer tout ou partie de ses pouvoirs concernant la gestion journalière ainsi que la représentation à un ou plusieurs administrateurs, directeurs, gérants ou autres agents, actionnaires ou non.

Il peut leur confier tout ou partie de l'administration courante de la société, de la direction technique ou commerciale de celle-ci.

La délégation à un membre du conseil d'administration est subordonnée à l'autorisation préalable de l'assemblée générale ou statuant directement par l'assemblée générale.

La société se trouve engagée par la signature conjointe de deux administrateurs, ou par la seule signature de l'administrateur-délégué.

Article 7) La surveillance de la société est confiée à un ou plusieurs commissaires, actionnaires ou non, nommés pour une durée qui ne peut dépasser six ans, rééligibles et toujours révocables.

Article 8) En garantie de l'exécution du mandat de chaque administrateur et de chaque commissaire, il est affecté au moins une action de la société présentement constituée.

Ces actions doivent être nominatives.

Article 9) L'année sociale commence le premier jan-



Article 10) L'assemblée générale annuelle se réunit de plein droit le dernier jeudi du mois en mars à onze heures à Livange au siège social ou à tout autre endroit à désigner par les convocations, et pour la première fois en 1987.

Si ce jour est férié, l'assemblée se tiendra le premier jour ouvrable suivant.

Article 11) Les convocations pour les assemblées générales sont faites conformément aux dispositions légales. Elles ne sont pas nécessaires lorsque tous les actionnaires sont présents ou représentés, et qu'ils déclarent avoir eu préalablement connaissance de l'ordre du jour.

Le conseil d'administration peut décider que, pour pouvoir assister à l'assemblée générale, le propriétaire d'actions doit en effectuer le dépôt cinq jours francs avant la date fixée pour la réunion; tout actionnaire aura le droit de voter en personne ou par mandataire, actionnaire ou non.

Chaque action donne un droit à une voix, sauf les restrictions imposées par la loi.

Article 12) L'assemblée générale des actionnaires a les pouvoirs les plus étendus pour faire ou ratifier tous les actes qui intéressent la société.

Elle décide de l'affectation et de la distribution du bénéfice net.

Article 13) Sous réserve des dispositions de l'article 72-2 de la loi du 24 avril 1983 et avec l'approbation du commissaire aux comptes de la société, le conseil d'administration est autorisé à procéder à un versement d'acomptes sur dividendes.

Article 14) La loi du 10 août 1915 sur les sociétés commerciales et leurs modifications ultérieures, trouveront leur application partout où il n'y est pas dérogé par les présents statuts.

#### Souscription et libération

Les comparants précités ont souscrit aux actions

de la manière suivante:



1) La société "AUDIOVISUAL ADVERTIZING SYSTEMS S.A.H.", préqualifiée, mille deux cent quarante-neuf actions,

1249

2) Monsieur Ernest KRIER, préqualifié, une action,

1

Total: mille deux cent cinquante actions 1250

Toutes les actions ont été entièrement libérées en espèces de sorte que la somme de un million deux cent cinquante mille francs est à la disposition de la société ainsi qu'il a été prouvé au notaire instrumentaire qui le constate expressément.

Déclaration:

Le notaire instrumentaire déclare avoir vérifié l'existence des conditions énumérées à l'article 26 de la loi du 10 août 1915 sur les sociétés commerciales, et en constate expressément l'accomplissement.

F r a i s

Le montant des frais, dépenses, rémunérations ou charges sous quelque forme que ce soit, qui incombent à la société ou qui sont mis à sa charge à raison de sa constitution s'élève approximativement à la somme de 40.000.- francs.

ASSEMBLEE GENERALE EXTRAORDINAIRE

Et à l'instant le comparant préqualifié, représentant l'intégralité du capital social, s'est constitué en assemblée générale extraordinaire à laquelle il se reconnaît dûment convoqué, et après avoir constaté que celle-ci était régulièrement constituée, il a pris, à l'unanimité, les résolutions suivantes:

1) Le nombre des administrateurs est fixé à trois, et celui des commissaires à un.

2) Sont appelés aux fonctions d'administrateurs:

a) Monsieur Armand HOFFMANN, directeur, demeurant à Aspelt, 22, Cité Diderrich,

b) Monsieur Georges CLOOS, docteur en droit, demeurant à Schrassig,

c) Monsieur Ernest KRIER, agent d'assurances, demeurant à Altwies, 12, rue de Filsdorf.

3) Est appelée aux fonctions de commissaire:

4) Les mandats des administrateurs et commissaire prendront fin à l'issue de l'assemblée générale annuelle de l'année 1991.

5) L'adresse de la société est fixée à Luxembourg, 44, rue de Wiltz.

DONT ACTE.

Fait et passé à Junglinster.

Date qu'en tête des présentes.

Et après lecture faite et interprétation donnée aux comparants, ils ont tous signé avec Nous notaire le présent acte.

(signé): HOFFMANN, KRIER, J. SECKLER.

Enregistré trois rôles sans renvoi à Grevenmacher, le 20 janvier 1986, volume 476, folio 47, case 2.

Reçu douze mille cinq cents francs (12.500.-frs).

Le Receveur ff (s.): Chr. BIVER.

POUR EXPEDITION CONFORME

délivrée à demande à la société.

Junglinster, le 4 février 1986



rôles: 300.-

timbre: 160.-

Tribunal d'arrondissement de et à Luxembourg

Registre de commerce

E X T R A I T

Section B  
Nom de la firme : HYDROPLAST INTERNATIONAL <sup>numéro</sup> 23 873  
Date de l'inscription : 18 février 1986 S.A.

Dénomination, siège social :

HYDROPLAST INTERNATIONAL S.A.

société anonyme

avec siège social à Luxembourg, 44, rue de Wiltz.

Objet social :

La société a pour objet la production et la commercialisation d'appareils électro-ménagers et d'appareils pour cuisines de collectivités, pour cafés et restaurants ainsi que l'exploitation de brevets d'invention et licences y relatifs de même que toutes opérations commerciales, industrielles, financières, mobilières et immobilières, se rapportant directement ou indirectement à son objet.

Capital :

Le capital social est fixé à UN MILLION DEUX CENT CINQUANTE MILLE FRANCS (1.250.000), représenté par MILLE DEUX CENT CINQUANTE( 1.250) actions d'une valeur nominale de MILLE FRANCS (1.000) chacune, intégralement souscrites et entièrement libérées en espèces.

Conseil d'administration :

1.- Monsieur Armand HOFFMANN, directeur, demeurant à Aspelt, 22, Cité Diderrich;

2.- Monsieur Georges CLOOS, docteur en droit, demeurant à Schreng...

demeurant à Altwies, 12, rue de Filsdorf.

Commissaire :

Madame Anita SCHMITZ-KETTEL, comptable, demeurant  
à Esch/Alzette.

Dispositions de l'acte de société :

La société a été constituée suivant acte reçu par  
Maître Jean SECKLER, notaire de résidence à Junglinster,  
le 11 janvier 1986.

La durée de la société est fixée à trente ans.

La société est administrée par un conseil d'admini-  
stration composé de trois membres au moins, action-  
naires ou non.

La société se trouve engagée par la signature  
conjointe de deux administrateurs, ou par la seule sig-  
nature de l'administrateur-délégué.

La surveillance de la société est confiée à un ou  
plusieurs commissaires, actionnaires ou non.

Fin de la société : 10 janvier 2016.

=====

Pour extrait conforme.

Luxembourg, le 22 mai 1986

Le préposé du registre de commerce,



## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/3/88

On 12/2/88, the following attached documents were  
received from [redacted]

[redacted] via the U.S. Mails:

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- 1) Personal note from [redacted] dated [redacted]
- 2) CAC Interest and Principal Surety Bond wording  
undated.
- 3) Letter to [redacted] from [redacted] dated  
[redacted]
- 4) [redacted]  
[redacted]

Investigation on 12/2/88 at Los Angeles, California File # 196A-4834

by [redacted] TRG/mmw Date dictated 12/3/88

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## INTEREST AND PRINCIPAL SURETY BOND

Commercial Acceptance Corporation has in force an Interest and Principal Surety Bond issued by International Reinsurance of Luxembourg S.A. Under the terms of this Bond, the Surety shall pay to the Trustee, for payment to the investors, amounts equal to that portion of the principal and/or interest, if any, which shall be unpaid for any reason by the Company.

KNOW ALL MEN BY THESE PRESENTS, for consideration received that International Reinsurance of Luxembourg ("Guarantor") as Guarantor for Commercial Acceptance Corporation ("Principal"), is held and firmly bound unto United Security Trust Company, Santa Barbara, as Trustee ("Trustee") and unto the Holders under a Collateral Trust Agreement, ("Trust"), between the Principal and the Trustee relating to the Notes (as that term is described in the "Trust Agreement"), and to its successors of the Notes from time to time, for that portion of the principal and interest on the Notes which shall become due for payment and the obligations to maintain the Interest Reserve Account in the Trust Agreement, but shall be unpaid by reason of Nonpayment by the Principal.

Upon the happening or continuance of Nonpayment by the Principal, the Guarantor shall remedy such Nonpayment by making payments on or before the time period specified in the Trust Agreement to the Trustee of the principal and/or interest of the Notes or to the Interest Reserve Account as described in the Trust Agreement upon written notification by the Trustee.

In the event there shall be no Trustee, then acting under the Trust Agreement, the Guarantor shall make payments directly to the Noteholders or any protective committee or committees established in their behalf. Upon such payment, the Guarantor shall be subrogated, to the extent provided by Law or the Trust Agreement, to all rights and remedies of the Trustee or the Holders of the Notes, as the cause may be, as to which such payments have been made.

As used herein, the following terms shall have the meaning indicated: The term "Holder" shall mean any person other than the Issuer who at the time of Nonpayment is the registered owner of the Note; the term "Due for Payment," when referring to the principal of the Notes, shall mean the date when the stated maturity date has been reached or such earlier date on which payment is due by reason of a call for redemption, acceleration, or other advancement of maturity, as provided for in the Notes, and when referring to interest on the Notes shall mean the stated date for payment of interest; and the term "Nonpayment" shall mean the failure of the Principal to have provided sufficient funds to the Trustee for Payment in full of all principal and interest on the Notes which are Due for Payment or to have provided sufficient funds to the Trustee for payment in full of the amounts required to maintain the Interest Reserve Base Amount.

This Guarantee is effective upon payment of the premium and is noncancellable for any reason, including without limitation, the voluntary or involuntary commencement or maintenance of bankruptcy, reorganization or insolvency proceedings, assignment for the benefit of creditors by, for, or against the Principal; or any negligent misrepresentation or omission made by the Principal with reference to the issuance of this Guarantee.

Further, the Trustee, or in the event there shall be no Trustee, the Holders or any committee or committees acting on their behalf, shall have the right under this agreement to proceed directly against the Guarantor without the necessity for demand, notice or other action by, to, or with respect to the Principal. The premium on this agreement is not refundable for any reason including payment on the Notes prior to maturity. This Agreement does not insure against loss of any redemption or repayment which at this time may become due in respect of any Note or against any risk other than Nonpayment.

The Guarantor warrants that this Agreement will be reinsured with a major reinsurance company in the world whose Global rating with either Standard & Poor's or Moody's is the equivalent of an A. M. Best rating of A-12 or better.

## The Insurance

The Interest and Principal Surety Bond guarantees the repayment of the entire amount which has been invested in any CAC Investor Pool plus the interest to be paid or, accrued and paid at maturity.

## Background

As stated in the Designation of Series, the Surety (International Reinsurance of Luxembourg S. A.) has in place a reinsurance treaty with A.A.E.P. Management of Luxembourg. This is a pool of companies whose members combine in various groupings and percentages to underwrite the Interest and Principal Surety Bonds (i.e. not all members of the pool share an equal percentage for each individual Bond).

## The Companies

UNILIFE-McMILLAN TRUST, London, England  
ZURICH S.A., Switzerland  
LA BALOESE S.A.  
SWISS AM-CYPRESS S.A. representing SWISS RE-INSURANCE  
P.S. BELGIUM  
A.G. BELGIUM  
WINTHERTHUR S.A., Switzerland  
U.A.P.S.A., France  
V.I.T.A.S.A., Switzerland  
EQUITY AND LAW G.B., London, England  
COMMERCIAL UNION GROUP G.B., London, England  
FEDERATED MUTUAL INSURANCE G.B., London, England  
M.A.G.M. GROUP G.B., London, England  
MERCHANTS INVESTORS ASSURANCE G.B., London, England  
LONDON AND MANCHESTER, London, England  
SCOTTISH AMIABLE INVESTMENTS S.A., Scotland  
ROYAL GUARDIAN EXCHANGE G.B., London, England  
EAGLE STAR G.B., London, England  
L.A.S. GROUP G.B., London, England  
FIDELITY G.B., London, England

The collective assets of the members of this pool are in excess of \$15 Billion US dollars. The individual members have a rating equivalent to AM Best A 12 or better. This financial strength along with the diversification within these underwriters guarantees the safety and security of the coverage provided for CAC investments.

## The Representative

Further information concerning International Reinsurance of Luxembourg S.A. can be obtained by contacting its representative:

Mr. Ernest Krier  
ESC S.A.  
12 Cienteure De Rosiers  
Howald, Luxembourg S.A.  
Tel: 49-31-97 or 49-31-90



TO THE USER:

As a computer user, the following guidelines should at all times be kept in mind.

1. Each month, an inventory will be taken on the amount of data stored in each database. If there has been no change in the number of records contained therein, you will be advised of the following options. A) You may keep the database on the computer if you intend to use it. B) Automation personnel will archive the database on floppy disk, 1A it to the file and delete the original from the microcomputer.
2. Per SAC Memorandum 5-87 dated 2/10/87, entitled FBI MICROCOMPUTER POLICY states:
  - A. All information processed by the microcomputer must be contained within the case file and not considered a separate system of records. Information must be filed as a case serial, a 1A serial or a 1B serial.
  - B. Applicable information must be indexed using established indexing guidelines.
  - C. TURK time for use of the microcomputer is to be recorded using the substantive file classification.
  - D. Information generated from computer files that is intended for use as evidence must be maintained as a serial or as a bulky exhibit.
  - E. Information contained in computer file must undergo verification to insure accuracy of the information.
  - F. When a case is closed, all information in computer files associated with that case must be printed out. Storage media and printouts must be maintained in the file and disposed of under existing destruction criteria.
  - G. Disk files for cases that are the subject of FOIPA requests must be searched to insure that all information is provided to the person making the request.

I have read and understand the above.

[Redacted signature box]

(Agent's signature)

9-27-88  
(date)

1964834  
(database name)

196A-4834  
(file number)

① - 196A-4834  
1 - ISA  
1 - 242-2-A

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(3) bcw

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196A-4834-100

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SERIALIZED	FILED
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FBI-LOS ANGELES	

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/30/89

[redacted] telephone [redacted] home telephone [redacted] voluntarily appeared at the [redacted] on October 17 and 18, 1988 to be interviewed by the Federal Bureau of Investigation (FBI), the Internal Revenue Service (IRS), and the Department of Labor (DL). Accompanying [redacted] was his attorney, [redacted] of Los Angeles, California. [redacted] was advised that he was being interviewed regarding his knowledge of and association with JOHN ELLSWORTH and COMMERCIAL ACCEPTANCE CORPORATION (CAC), a Los Angeles firm. Also present during the interview were [redacted] (Special Agent IRS) and [redacted] (Investigator Department of Labor). After being advised of the identity of the interviewing agents, [redacted] furnished the following information:

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[redacted]

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[redacted] BUSINESS FOR INTERNATIONAL CORPORATIONS (BUSICORP). This company was created for the purpose of conducting administrative duties for non Luxembourg citizens, especially for creating holding companies which would be exempt from taxes. [redacted]

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[redacted] It was only to be a conveyance for other companies of any kind, and could include but would not especially be for insurance companies. [redacted]

[redacted]

[redacted] of BUSICORP S.A.R.L. [redacted] went on to

Investigation on 10/17 & 18/88 at [redacted] File # LA 196A-4834 -1001

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by SA [redacted] /dw Date dictated 10/24/88

LA 196A-4834

Continuation of FD-302 of [REDACTED]

, On 10/17/88 , Page 2

describe that in Luxembourg the initials S.A.R.L. stands for a company which has a minimum legal requirement of 500,000 Belgian francs as capitalization. S.A. is a business entity that likewise requires 1,250,000 Belgian francs as capitalization and has to have a board of directors. S.A.R.L. would be more of a closely held type of entity not necessarily requiring a board of directors, but which must list its partners. [REDACTED] explained that 98 percent of holding companies formed in Luxembourg are S.A. Holding companies primarily are used to avoid double taxation. Sub corporation profits distributed to a holding company are not taxable to other than Luxembourg residents. Holding companies can only buy and sell securities (stocks and bonds), royalties and patents; income from which is tax free. They can have no commercial activities and can have no expenses; however, they can pay consulting fees but cannot receive them. According to [REDACTED] these entities must submit certification to the commission that the capitalization requirement has been satisfied.

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[REDACTED]

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[REDACTED] met an individual by the name of JOHN ELLSWORTH through [REDACTED] stated that ELLSWORTH had already been in Luxembourg for three to four months [REDACTED] ELLSWORTH had been residing at the HOTEL ROYALE and when [REDACTED] met him he had just moved to the INTERCONTINENTAL HOTEL. [REDACTED] and also present were [REDACTED]

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[REDACTED] ELLSWORTH was desirous of creating four or five Luxembourg companies and wanted [REDACTED] to form these companies through BUSICORP. Some of the ELLSWORTH companies were to be called APPLE VALLEY, HUGHES STEEL, EUROMED and a couple of others unrecalled by [REDACTED] stated that none of these ELLSWORTH companies were ever created in Luxembourg through [REDACTED] or BUSICORP. ELLSWORTH presented himself as a very rich man. At that time he had paid \$20,000 for one week at the INTERCONTINENTAL HOTEL plus a \$1,000 tip. [REDACTED]

[REDACTED]

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Continuation of FD-302 of [REDACTED]

, On 10/17/88 , Page 3

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[REDACTED]

[REDACTED] ELLSWORTH said that he was a shareholder of several large American companies including two insurance companies by the name of SUTTER INSURANCE headed by [REDACTED] and FEDERAL SURETY CORPORATION headed by a (FNU) [REDACTED] ELLSWORTH at the time desired to merge several insurance companies into one entity. ELLSWORTH mentioned that one of his partners was an individual by the name of [REDACTED] unrelated to [REDACTED]

[REDACTED]

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[REDACTED] stated that there is a brochure, in English, which can be readily obtained at KBL, Belgium Credit Bank, regarding the qualifications needed in order to satisfy the requirements to create a captive insurance company in Luxembourg.

[REDACTED] furnished it to ELLSWORTH. According to the brochure, the 50,000,000 Belgian francs has to be cash and not some other form of collateral. [REDACTED] stated that the brochure was very clear on this issue.

[REDACTED] ELLSWORTH stated that he and his insurance group had already purchased SUTTER and SURETY FEDERAL which were to be

LA 196A-4834

Continuation of FD-302 of [REDACTED], On 10/17/88, Page 4

incorporated under a Luxembourg entity. He said ELLSWORTH [REDACTED]  
[REDACTED] wanted to use SUTTER and approximately 15 other  
insurance companies to locate general reinsurance. [REDACTED]  
[REDACTED] ELLSWORTH also stated that he was a shareholder  
of a firm called CAC and that he had close connections to CAC,  
[REDACTED] and FACCIANI.

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[REDACTED]

[REDACTED]

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[REDACTED] During the period of [REDACTED] none of  
the ELLSWORTH or CAC entities were ever created in Luxembourg.  
ELLSWORTH [REDACTED]

[REDACTED]

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LA 196A-4834

Continuation of FD-302 of [REDACTED], On 10/17/88, Page 5

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[REDACTED]

[REDACTED]. ELLSWORTH was the individual who furnished the wording of the bonds in the office of [REDACTED]. The wording of the bonds were never submitted to potential reinsurance entities such as Munich Re and Swiss Re. ELLSWORTH, [REDACTED] would be able to write bonds when and if the entity was created to furnish the insurance. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED] ELLSWORTH and FACCIANI said that CAC was a loan company involved in receiving invested short term funds and then lending long term funds at higher interest, collateralized by real estate on at least a three to one ratio of collateral to loan. ELLSWORTH, FACCIANI and [REDACTED] all stated that CAC was in good standing and it has never failed an obligation in the seven years it has been in business.

[redacted] stated that he normally discussed CAC business with FACCIANI due to FACCIANI's relationship with ELLSWORTH. FACCIANI explained that CAC needed a trustee and an independent accountant. The trustee was identified as U.S. TRUST. [redacted]

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explained that BUSICORP S.A.R.L. was officially changed to BUSICORP SA on August 14, 1985, and that ELLSWORTH was designated president of BUSICORP SA at the insistence of ELLSWORTH. The SA designation requires only that stock bearer shares be issued and that whoever holds those shares in fact holds the ownership of the company. ELLSWORTH received the bearer shares of BUSICORP SA because [ ] stated that ELLSWORTH wanted to hide the fact that ELLSWORTH was the owner of BUSICORP SA. ELLSWORTH told [ ] that he did not want over 50 percent for IRS "fiscal" reasons, but he did want to be owner and president. [ ]

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Continuation of FD-302 of [REDACTED], On 10/17/88, Page 7

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[REDACTED]

[REDACTED]

Sometime during this period of time between 1985 and 1986, the reinsurance market broke down in the U.S. and Europe. [REDACTED] stated that ELLSWORTH was never able to come up with the capitalization money. Even if the capitalization requirement had been met it takes at least six to nine months in order to finalize the certification. [REDACTED]

[REDACTED]

[REDACTED]

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LA 196A-4834

Continuation of FD-302 of [REDACTED], On 10/17/88, Page 8

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[REDACTED]

[REDACTED] It was [REDACTED] understanding that ELLSWORTH was the only one trying to raise money for the insurance capitalization and that there had been no other attempts by others. [REDACTED] made it clear, and it was understood by FACCIANI, that the capitalization requirement was never met and that in fact no insurance had ever been purchased to back CAC notes.

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[REDACTED]

[REDACTED] further reiterated that in fact no insurance had ever been placed for any CAC notes.

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LA 196A-4834

Continuation of FD-302 of [REDACTED]

, On 10/17/88 , Page 9

[REDACTED]

[REDACTED] further stated that ELLSWORTH was paid certain fees by BUSICORP due to his position as president of BUSICORP and for running the business in the States.

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[REDACTED]

[REDACTED] never met any individuals at U.S. TRUST. [REDACTED]

[REDACTED]

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[REDACTED] In fact, [REDACTED] father was never in the insurance business. He's been dead for a long time and had been with the [REDACTED]

Sometime during mid-1987, [REDACTED] stated he may have met an individual by the name of [REDACTED] but could not recall doing so. [REDACTED] never would have told [REDACTED] that any insurance was in place for the CAC notes but only would have mentioned [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED] stated that he was unaware of any trust company change regarding CAC. [REDACTED]

[REDACTED]

LA 196A-4834

Continuation of FD-302 of [REDACTED], On 10/17/88, Page 10

[REDACTED] stated he does not recall any conversations with [REDACTED] knows [REDACTED] and recalls telling [REDACTED] that no insurance existed for any CAC notes through BUSICORP or any other entity known to [REDACTED]. [REDACTED] was aware that no insurance ever existed for CAC notes from [REDACTED].

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ASSURLUX is a major insurance company [REDACTED]. [REDACTED] recalls transacting no business regarding ELLSWORTH and ASSURLUX. [REDACTED] stated he does not know how the ASSURLUX paper came into the possession of ELLSWORTH. [REDACTED]

[REDACTED] went on to state [REDACTED] the intent was to establish a captive insurance company through the BUSICORP entity. [REDACTED] was adamant however that in order to do this it would be necessary to submit and obtain certification for each type of insurance that would be under-written by the insurance entity. [REDACTED]

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[REDACTED] FACCIANI was always aware that the capitalization had not been obtained. To [REDACTED] knowledge no meetings occurred involving FACCIANI in which it was represented by anyone that the capitalization had in fact been obtained for the insurance company. [REDACTED] stated he is not aware of any ratio for under-writing insurance in Luxembourg.

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Continuation of FD-302 of [REDACTED], On 10/17/88, Page 11

[REDACTED]

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[REDACTED]

increase in BUSICORP capitalization. This increase in capitalization was for the secretarial business of BUSICORP and not for insurance. [REDACTED]

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[REDACTED]

[REDACTED] stated it was always clear that ELLSWORTH was going to be the individual who was to obtain the funds to capitalize the insurance company. ELLSWORTH however, was never able to obtain the funds in order to satisfy the capitalization requirements.

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Continuation of FD-302 of [REDACTED], On 10/17/88, Page 12

[REDACTED]  
[REDACTED] IRI REINSURANCE and ESC. ELLSWORTH was to own both of these companies. [REDACTED] stated that IRI was to be an insurance company located in Liechtenstein which was to be the conduit to receive insurance premiums if they could find reinsurance. No reinsurance however, was ever obtained by IRI. [REDACTED] stated that there is no IRI REINSURANCE of Luxembourg SA [REDACTED] stated that [REDACTED] created IRI Liechtenstein on behalf of ELLSWORTH to accept these insurance premiums. IRI does not mean INTERNATIONAL REINSURANCE. IRI as a name was created by [REDACTED] INTERNATIONAL REINSURANCE SA was never created. It was a concept that was never formed, but would have been the insurance company. ELLSWORTH told [REDACTED] that ELLSWORTH had reserved the name INTERNATIONAL REINSURANCE in the U.S. which was supposed to be through a Delaware corporation. [REDACTED]

[REDACTED]

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[REDACTED]  
[REDACTED]  
[REDACTED] at the same time [REDACTED] liquidated BUSICORP he liquidated IRI. [REDACTED]  
[REDACTED]

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Continuation of FD-302 of [REDACTED], On 10/17/88, Page 13

[REDACTED]

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[REDACTED] ELLSWORTH agreed to the liquidation proceedings and said that he had a balance sheet large enough to support projects on his own. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] stated that after the liquidation proceedings began these companies were not allowed to conduct business. The only business that would be allowed to be conducted would be that business which would further the liquidation of the company.

[REDACTED]

[REDACTED]

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Continuation of FD-302 of [REDACTED], On 10/17/88, Page 14

b6  
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b7D

[REDACTED]

[REDACTED]

[REDACTED] was exhibited the following documents:

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b7D

1. [REDACTED]

[REDACTED] read these two statements made telephonically to SA [REDACTED] and stated that they were correct.

2. [REDACTED]

[REDACTED] stated that these in fact were the documents that he furnished to [REDACTED] to furnish to the FBI or that he furnished directly to the FBI.

3. [REDACTED]

[REDACTED] stated that he signed both of these documents [REDACTED]

[REDACTED]

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Continuation of FD-302 of , On 10/17/88, Page 15

b6  
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4.

stated that the  
signatures on these bonds were signed by  with  
the exception of

5.

6.

b6  
b7C  
b7D

7.



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Continuation of FD-302 of [redacted], On 10/17/88, Page 16

b6  
b7C  
b7D

8. [redacted] was exhibited the following CAC checks [redacted]  
[redacted]  
[redacted] the checks signed by [redacted]  
[redacted]

(A) CAC check [redacted]  
[redacted]

(B) CAC check [redacted]  
[redacted]

(C) CAC check [redacted]  
[redacted]

(D) CAC check [redacted]  
[redacted]

(E) CAC check [redacted]  
[redacted]

9. [redacted]

b6  
b7C  
b7D

[redacted] identified [redacted]  
signature on the ledger sheet. [redacted]

[redacted]

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Continuation of FD-302 of [REDACTED], On 10/17/88, Page 17

10. [REDACTED]

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11. MANHATTAN INTERNATIONAL BANK LIMITED letter, dated September 3, 1985, addressed to DAVID FACCIANI from [REDACTED] referencing "Reinsurance Commercial Acceptance Corporation Bonds". The letter purports to be on behalf of [REDACTED] BUSICORP S.A.R.L. and also purports to confirm that bonds issued by BUSICORP and INTERNATIONAL REINSURANCE SA were sufficiently collateralized and issued on the basis of captive reinsurance. [REDACTED]

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[REDACTED]  
[REDACTED] said he had no knowledge of the letter and he did not make any such representations to [REDACTED]

12. Four unsigned letters on ASSURLUX letterhead, dated July 3, 1987, bearing a signature block of [REDACTED] regarding payment of insurance premiums and bonding obligations. [REDACTED] said he had no knowledge of these letters [REDACTED]

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Continuation of FD-302 of [REDACTED], On 10/17/88, Page 18\*

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b7C  
b7D

[REDACTED] furnished the following identifying information regarding himself:

Date of Birth  
Place of Birth  
Height  
Eyes

At this point the interview was concluded with the result that [REDACTED] would be available for further discussion via telephone with [REDACTED] attorney being present. [REDACTED] attorney [REDACTED] stated that he only represents [REDACTED] and does not represent any interest of JOHN ELLSWORTH or CAC. [REDACTED] stated that he would be willing to assist further [REDACTED]



**Manhattan International Bank Limited**  
**Plymouth, Montserrat, West Indies**  
Charter No. 27/30 B. License

September 3, 1985

Mr. David Facciani  
Chief Financial Officer  
Commercial Acceptance Corporation  
411 West Seventh Street, Suite 700  
Los Angeles, California 90014

Reff: Reinsurance  
Commercial Acceptance Corporation  
Bonds

Dear Mr. Facciani,

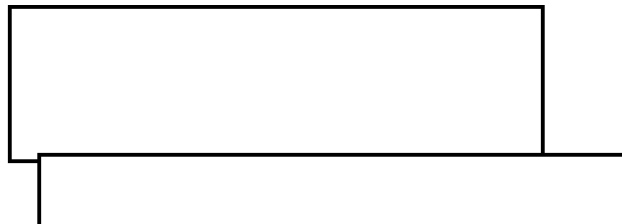
On behalf of our clients Busicorp S.A.R.L., Luxembourg and International Reinsurance S.A. Luxembourg we advise and confirm the following:

1. Bonds issued by Busicorp S.A.R.L. and/or International Reinsurance S.A. are sufficiently collateralized and issued on the basis of captive reinsurance exclusively for Commercial Acceptance Corporation.

2. International Reinsurance S.A. has completed its arrangements for treaty with A.A.E.P. Management representing the Luxembourg Reinsurance Pool. The Luxembourg Reinsurance Pool comprises 25% ownership by Swiss Reinsurance of Switzerland, 40% by British Reinsurance and the balance held by Munich Reinsurance of Germany and eight other European companies whose classifications are equivalent to "A.M. Best" designation of A+12 or better.

3. The papers from the Investment Pools will be forwarded to us by our clients and our bank will act and serve, through its U.S. representative office, as the confirming or verifying agent on behalf of International Reinsurance S.A. and Busicorp S.A.R.L. related solely to investment pools and/or both commercial paper bonded by the aforementioned entities.

4. Coverage will be 80% reinsured and 20% covered by the bonding companies whose collateral base is more than sufficient to handle any claims.



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**EUROPEAN CORRESPONDING OFFICE :**

FRANCE : 12, Rue Hamelin PARIS 75116

(K11)



ASSURANCES REUNIES  
DU LUXEMBOURG

Luxembourg, le

July 3, 1987

Commercial Acceptance Corporation  
411 W. 7th Street #700  
Los Angeles, Ca. 90014

Gentlemen:

Enclosed please find photo copies of Bills of Exchange for payment of  
premiums for various Commercial Acceptance Corporation pools.

Very truly yours,



b6  
b7C



Comptes bancaires: CEE 8900/1004-4 - BGL 30/139168/07 - BIL 0-122/0673 - CCP 45837-53 - UCL 64-251238-87-00

1412



ASSURANCES REUNIES  
DU LUXEMBOURG

Luxembourg, le

July 3, 1987

Ref: 10298 CAC

Commercial Acceptance Corporation  
411 W. 7th Street #700  
Los Angeles, Ca. 90014

Gentlemen:

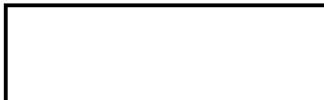
We are pleased to advise you that the IRI-Re Insurance bonding obligations for the benefit of various Commercial Acceptance Corporation pool is now assumed by Busicorp International Insurance Consultants S.A. of Luxembourg, which we are the managers of the underwriting and the re-insurance pools.

All future bonds will be issued by Busicorp International Insurance Consultants S.A., Luxembourg and all present Commercial Acceptance Corporation bonds are in full force and effect.

The re-insurance of the bonds is lodged with the Luxembourg Re-Insurance Consortium and a French and Belgium Consortium that are active in re-insurance in the world market.

In the event you have any further questions, please feel free to contact me at any time.

Intenational Re-Insurance



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K12

Comptes bancaires: CEE 8900/1004-4 - BGL 30/139168/07 - BIL 0-122/0673 - CCP 45837-53 - UCL 64-251238-87-00



ASSURANCES REUNIES  
DU LUXEMBOURG

Luxembourg, le

Ref: 10299 CAC/UST

July 3, 1987

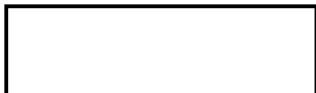
Commercial Acceptance Corporation  
411 W. 7th Street #700  
Los Angeles, Ca. 90014

Gentlemen:

Please be advised that we have assured the bonding obligation of IRI-Re Insurance.

In addition to the Commercial Acceptance Corporation Pool Bonds we are also assuring the bond issued with Commercial Acceptance Corporation's consent to United Security Trust of Santa Barbara, California.

Very truly yours,



b6  
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(K12)

Comptes bancaires: CEE 8900/1004-4 - BGL 30/139168/07 - BIL 0-122/0673 - CCP 45837-63 - UCL 64-251238-87-00



ASSURANCES REUNIES  
DU LUXEMBOURG

Luxembourg, le

Ref: 1031 CAC

July 3, 1987

Commercial Acceptance Corporation  
411 W. 7th Street #700  
Los Angeles, Ca. 90014

Gentlemen:

After review of our records and in as much as there has been no defaults  
we find the balance due on premium us US\$380,000..

Very truly yours,



Comptes bancaires: CEE 8900/1004-4 - BGL 30/139168/07 - BIL 0-122/0673 - CCP 45837-53 - UCL 64-251238-87-00

K(2)



SAC, LOS ANGELES (196A-4834) (WCC-1)

12/16/88

DIRECTOR, FBI (196-8198)

b6  
b7C

[REDACTED]  
DAVID FACCIANI, dba  
COMMERCIAL ACCEPTANCE CORPORATION (CAC),  
411 WEST 7TH STREET,  
LOS ANGELES, CALIFORNIA; ET AL  
FBW; MF; ITSP  
OO : LOS ANGELES

Enclosed are two copies of the translation requested in  
Legat, Bern airtel dated 10/18/88.

The foreign-language material is forwarded herewith.

Enclosures (5)

1 - Legat, Bern (196A-302) Enclosures (2)

FILE STRIPPED	
INITIALS	<i>SAH</i>
DATE	<i>8/2/89</i>

196A-4834-105

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